

SCHOOL DISTRICT
OF
HOWELL TOWNSHIP



HOWELL TOWNSHIP BOARD OF EDUCATION
HOWELL TOWNSHIP, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

HOWELL TOWNSHIP BOARD OF EDUCATION

HOWELL TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

PREPARED BY

**HOWELL TOWNSHIP BOARD OF EDUCATION
FINANCE DEPARTMENT**

HOWELL TOWNSHIP SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1 to 7.
Roster of Officials	8.
Consultants and Advisors	9.
Organizational Chart	10.
FINANCIAL SECTION	
Independent Auditor's Report	11 to 13.
Required Supplementary Information – Part I	
Management's Discussion and Analysis	14 to 19.
<u>Basic Financial Statements</u>	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	20.
A-2 Statement of Activities	21 & 22.
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	23.
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	24 & 25.
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26.
Proprietary Funds:	
B-4 Statement of Net Position	27.
B-5 Statement of Revenues, Expenses, and Changes in Activities	28.
B-6 Statement of Cash Flows	29.
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	30.
B-8 Statement of Changes in Fiduciary Net Position	31.
Notes to Financial Statements	32 to 50.

HOWELL TOWNSHIP SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund	51 to 63.
C-1b Budgetary Comparison Schedule – General Fund – Federal Education Jobs Fund	64.
C-2 Budgetary Comparison Schedule – Special Revenue Fund	65.
Notes to the Required Supplementary Information	
C-3 Budget to GAAP Reconciliation	66.
Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	67 to 68.
E-2 Demonstrably Effective Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures – Budgetary Basis	N/A

HOWELL TOWNSHIP SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
F. Capital Projects Fund:	
F-1 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	69.
G. Proprietary Fund:	
Enterprise Fund:	
G-1 Statement of Net Assets	N/A
G-2 Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-3 Statement of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	70.
H-2 Combining Statement of Changes in Fiduciary Net Position	71.
H-3 Student Activity Agency Fund - Schedule of Receipts and Disbursements	72.
H-4 Payroll Agency Fund - Schedule of Receipts and Disbursements	73.
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	74 & 75.
I-1a Schedule of Installment Obligations	76.
I-2 Schedule of Obligations Under Capital Leases	77.
I-3 Debt Service Fund Budgetary Comparison Schedule	78.

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1 Net Position by Component	79.
J-2 Changes in Net Position	80 & 81.
J-3 Fund Balances – Governmental Funds	82.
J-4 Changes in Fund Balances – Governmental Funds	83.

HOWELL TOWNSHIP SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
STATISTICAL SECTION (Unaudited) (Continued)	
Revenue Capacity	
J-5 General Fund Other Local Revenue by Source	84.
J-6 Assessed Value and Estimated Actual Value of Taxable Property	85.
J-7 Direct and Overlapping Property Tax Rates	86.
J-8 Principal Property Taxpayers	87.
J-9 Property Tax Levies and Collections	88.
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	89.
J-11 Ratios of General Bonded Debt Outstanding	90.
J-12 Direct and Overlapping Governmental Activities Debt	91.
J-13 Legal Debt Margin Information	92.
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	93.
J-15 Principal Employers	94.
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	95.
J-17 Operating Statistics	96.
J-18 School Building Information	97.
J-19 Schedule of Required Maintenance for School Facilities	98.
J-20 Insurance Schedule	99.

SINGLE AUDIT SECTION

K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	100 & 101.
K-2	Independent Auditor's Report on Compliance for Each Major Program And on Internal Control Over Compliance Required by OMB Circular A-133	102 to 104.
K-3	Schedule of Expenditures of Federal Awards, Schedule A	105.
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	106.
K-5	Notes to Schedules of Awards and Financial Assistance	107 to 109.
K-6	Schedule of Findings and Questioned Costs	110 to 113.
K-7	Summary Schedule of Prior Audit Findings	114.

INTRODUCTORY SECTION



POST OFFICE BOX 579
ADMINISTRATION BUILDING
200 SQUANKUM/YELLOWBROOK ROAD
HOWELL, N.J. 07731

HOWELL TOWNSHIP PUBLIC SCHOOLS

PROUD OF OUR SCHOOLS - CONCERNED FOR OUR CHILDREN

RONALD SANASAC
Business Administrator/
Board Secretary

(732) 751-2480 ext. 3801
FAX (732) 938-3964
EMAIL: rsanasac@howell.k12.nj.us

October 16, 2013

Honorable President and
Members of the Board of Education
Howell Township School District
Howell, New Jersey

Dear Members of the Board of Education:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the Howell Township School District for the fiscal year ended June 30, 2013. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- ◆ The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1986, as amended, the U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Howell Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Howell Township Board of Education and all its schools constitute the District's reporting entity.

The District continues to maintain a high quality of education, even though it is one of the largest K-8 districts in Monmouth County. The District provides a full range of programs and services appropriate to grades K through 8. These include regular education, programs for the very able students (gifted and talented), as well as special education for youngsters with disabilities in and out of district. Ten elementary schools and three middle schools comprise the district's facilities. Although Southard School remains an asset of the Howell Township Board of Education, the district consolidated the student population in the other nine elementary schools, and is not utilizing Southard School for classroom purposes this school year. The Board, in conjunction with Howell Township Police Athletic League and other community organizations, has created a community center with various opportunities for residents while increasing revenue to the district.

Supervising district-wide goals is a district superintendent, an assistant superintendent for curriculum and personnel, an assistant superintendent of pupil services, a business administrator/board secretary, four district-wide curriculum supervisors, three supervisors of special education, and a director of technology. Each K-5 elementary school has its own principal. K-5 schools with enrollment greater than 500 students are assigned a full time vice-principal with district wide responsibilities. K-5 elementary schools that have less than 500 students have their own lead teacher working directly with the principal. Each of two Howell Township Middle Schools has one principal and two vice principals with district wide responsibilities. The third Howell Township Middle School has one principal and one vice principal who also has district wide responsibilities.

The Board of Education, comprised of nine members, each elected to three-year terms, meets on the first and third Wednesday of each month for the regular Board Meeting and other times each month for committee meetings. During its meetings the board determines district goals and priorities and conducts the business of the Board of Education. Board meetings are open to the public and begin at 7:30 PM.

PTAs/PTOs/SEPAC (Special Education Parents Advisory Council) are highly active in the District and provide community support for a variety of programs and activities for the children.

To maintain effective communications, the district produces school and district newsletters. Howell Highlights, the district newsletter, is emailed to all parents in the community, in order to keep them well informed of school and district events. The district also utilizes its web site to publish the board agenda in an effort to keep all interested citizens apprised of district operations and activities. Parents with email addresses can sign up for Newsbytes and School Alerts. Further, parents can stay informed by signing up for the district's twitter account.

Each of the schools in the district follows the district-wide goals and educational curriculum in the education of children, while maintaining a unique personality that makes up that particular school. All curricula in the district have been aligned to the Common Core National Standards.

The mission of the Howell Township School District is to educate students at all grade levels to achieve the Standards and challenge them to become skillful communicators, independent thinkers, and life-long learners. In reaching their full potential, our children will develop individual, social, and civic responsibility as well as respect for themselves and their environment. To this end the district has developed a comprehensive curriculum for each grade and each subject area that is rich in content while focusing on the individual needs of the students.

Elementary Schools: Grades K through 5

Currently, there are nine grade K-5 elementary schools (Adelphia School, Aldrich School, Ardena School, Greenville School, Griebbling School, Land O'Pines School, Newbury School, Ramtown School, and Taunton School) providing a comprehensive educational program.

The district's balanced literacy programs focuses on the development of phonics, phonemic awareness, vocabulary, comprehension, and fluency. Reading is taught through a Reading Workshop approach in grades 3-8. Writing Workshop is in place as the instructional model at all grade levels.

Mathematics skills and concepts are presented using a variety of hands-on materials and activities. Stress is placed on providing real-life meaningful experiences so that students develop conceptual understanding and an appreciation for mathematics.

Inquiry and discovery are the foundations of the science program. The students develop a better understanding of the world around them by developing experiments and applying the scientific method.

The units of instruction for the social studies program are aligned to the NJCCCS for geography, history, economics, and civics. The units also promote literacy as outlined in the Common Core expectations for Reading and Writing about History. Students learn about content through reading, research and analysis of primary and secondary sources.

Students begin learning Spanish in kindergarten and continue through the fifth grade. The students learn the language through conversational techniques, as well as develop an appreciation for the cultures that speak Spanish. At the middle school level, all students participate in World Language instruction. Upon entering the middle school, students may elect to either continue their studies in Spanish, or begin studies in French.

Throughout all K-5 schools enrichment is provided to students identified as gifted and talented. In addition, at the elementary level, a self-contained 4th and 5th grade program is provided to those students who also demonstrate giftedness.

1. REPORTING ENTITY AND ITS SERVICES: (Continued)

Howell Township Middle Schools

Grades 6 through 8

Grades six through eight are housed at each of the district's three middle schools. Each school is divided into "teams" which has an assigned group of teachers and students. The team approach allows the faculty to develop positive relationships with a relatively small group of students. The district has found this team approach to be very successful at minimizing discipline problems and allowing the teachers to get a sense of each student's individual needs.

At the middle school the Gifted and Talented program is expanded to provide math acceleration in grades 6th, 7th and 8th, with a rigorous enrichment course of study in science, social studies and language arts.

Special Education:

Special Education is an integral part of the educational system in the Howell Township Schools. Our school district educates approximately 1,020 students classified eligible for special education and related services. Our district provides a full continuum of services for students with disabilities. Classes include preschool disabled, integrated preschool, regular classes with specialized support, in-class resource, resource center pull out services and other special class programs. All students are included with their general education peers to the maximum extent possible, and many students are fully included in regular classes with assistance from paraprofessionals or Special Education teachers. Our middle school program prepares our students with disabilities for their transition to high school.

Core Curriculum Contents Standards

All district curricula is aligned with the recently adopted Common Core State Standards for Mathematics and Language Arts Literacy, and the New Jersey Core Content Curriculum Standards for Visual and Performing Arts; Comprehensive Health and Physical Education; Science; Social Studies; World Languages; Technology; and 21st-Century Life and Careers.

Staff Development

The Howell Township Public Schools System provides its teaching and support staff with numerous opportunities for professional development.

The focus of professional development is on providing and structuring professional learning opportunities for teachers to improve their effectiveness. The professional learning opportunities are aligned with and support the newly revised New Jersey Professional Standards for Educators and School Leaders.

New staff members participate in a New Staff Orientation, which encompasses training in instructional strategies, classroom management, curriculum, Common Core State Standards, mentoring, technology, district policies and mandated trainings, such as Affirmative Action and Harassment, Intimidation and Bullying. Mentors are assigned to novice teachers to provide support throughout the school year.

Professional development days are built into the school calendar to enable teachers to attend professional learning opportunities which focus on areas such as instructional strategies, curriculum, and content standards.

Technology

District-Wide technology is used to enrich teaching and learning, facilitate communication among members of the educational community, and to increase productivity. All classrooms, computer labs, media centers, and offices in each of the twelve schools and administrative buildings are linked together via local and wide area voice and data networks. All administrators, teachers, and support staff members have computing capability with high speed Internet access and are provided email and voice mail accounts. To assist teachers and students in presenting information and collaborating via the Internet and other computer based projects together, all classrooms in the district are equipped with ceiling mounted LCD projectors and/or projection devices capable of presenting images via a computer, the Internet, cable TV, or local video sources such as VCR's and DVD players.

In addition, all schools are equipped with mobile student laptops that connect wirelessly to the network. All building administrators have access to laptop computers, allowing for complete mobility in utilizing technology for office productivity as well as teacher evaluation activities.

Pupil Enrollment

The following details the changes in the student enrollment of the district over the last ten years. The table presents the actual historical pupil enrollment, as of October 15, for the school years 2002-03 through 2012-13.

<u>School Year</u>	<u>Enrollment As of October 15</u>
2002-03	7,424
2003-04	7,416
2004-05	7,333.5
2005-06	7259
2006-07	7289
2007-08	7090
2008-09	6920
2009-10	6783
2010-11	6773
2011-12	6541
2012-13	6335

2. ECONOMIC CONDITION AND OUTLOOK:

The rate of new home construction continues to stagnate and is reflected in a continued enrollment decline. Current housing continues to turn over but the movement of young families with children has slowed.

3. MAJOR INITIATIVES:

Construction

No new major construction initiatives have been undertaken during the 2012-2013 school year. The district is exploring possible construction projects as the NJ School Development Authority announced the release of ROD grant funds. . The district continues to address ongoing requirement maintenance projects as needed.

Pupil Services:

- ❖ New assistive and instructional technology devices for students with disabilities
- ❖ Teacher coach who is a Board certified Behavior Analyst
- ❖ Ongoing training in all areas relative to working with students with special needs
- ❖ Inclusion initiative for grades K-6
- ❖ Preschool Disabled and Integrated Preschool Programs
- ❖ Life Skills classrooms and instruction
- ❖ Crisis Management certification for staff
- ❖ Crisis Response Network
- ❖ Tools of the Mind Preschool curriculum
- ❖ Community-based instruction as appropriate
- ❖ Parent outreach services

Business:

The Business Office continued to be busy in the 2012-2013 school year. Accomplishment/initiatives in this school year were as follows:

- ❖ The business office implemented Systems 3000, an integrated Fund Accounting, Personnel and Payroll program that supports strict internal controls
- ❖ The business office continued to streamline the entire purchase order cycle with the implementation of new procedures as a result of Systems 3000 procedures
- ❖ The business office provided training to remote users of Systems 3000 to assure the successful implementation
- ❖ The business office provided several training sessions to Administrators and support staff for compliance with New Jersey Public School Contract Laws Title 18A:18A, et. seq
- ❖ The Business Administrator continues as the certified purchasing agent, with a bid threshold limit of \$36,000.
- ❖ Streamlining of business functions through increased applications of technology.
- ❖ Continued compliance with State and Federal mandates while minimizing impact on other business workflow.

Personnel:

The district employed 1097 persons during the 2012-2013 school year. The certificated staff numbered 653 including 32 administrators and supervisors and 621 classroom teachers and educational support personnel (nurses, guidance counselors, child study team members, etc.). 444 other employees, including instructional assistants, school aides, bus drivers and attendants, secretaries and clerk-typists, and custodial and maintenance employees were also part of the staff.

One of the greatest challenges in a school district is to retain high standards for its staff. The district was able to accomplish this through a highly competitive recruitment and selection process. Additionally, an impressive array of in-service opportunities allowed staff members to stay current and to improve their instructional skills; a hallmark of a progressive and innovative school district.

The district, for example, continued its new teacher mentoring program. All newly certified teachers and most teachers new to the district were assigned mentors as well as supervisory advocates to assist them in their first year. District administrators further provided these teachers with an extensive in-service program designed to help them acclimate to their new working environment.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the district is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the district are protected from loss, theft or misuse; and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally-accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the district also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system is also subject to periodic evaluation by the district management.

As part of the District's single audit, described earlier, tests are made to determine adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipalities. Annual appropriated budgets are adopted for the general fund, the special revenue funds, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at fiscal year end.

6. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation.

8. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Company, CPA's, was selected by the Board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet requirements of the Single Audit Act of 1996, as amended and the related OMB Circular A-133 and the New Jersey OMB Circular 04-04. The auditors' report on the basic financial statements and as well as both the required and other supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Howell Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,



Dr. Enid Golden
Superintendent of Schools



Ronald Sanasac
Business Administrator/
Board Secretary

**HOWELL TOWNSHIP BOARD OF EDUCATION
HOWELL TOWNSHIP, NEW JERSEY**

ROSTER OF OFFICIALS
JUNE 30, 2013

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mary Cerretani, Board President	2014
Stephen M. Levine, Vice President	2015
Suzanne M. Brennan, Vice President	2014
Jeanne DePompo	2016
Albert Miller	2015
Timothy P. O'Brien	2016
Jeanette Smith	2014
John Van Noy	2015
Charles Welsh	2016

Other Officials

Dr. Enid Golden, Superintendent

Mr. Ronald Sanasac, Business Administrator/Board Secretary

Mrs. Patricia Callander, Assistant Superintendent

Mr. Joseph Isola, Assistant Superintendent

HOWELL TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

Robert A. Hulsart & Co.
2807 Hurley Pond Road
Wall, New Jersey 07719

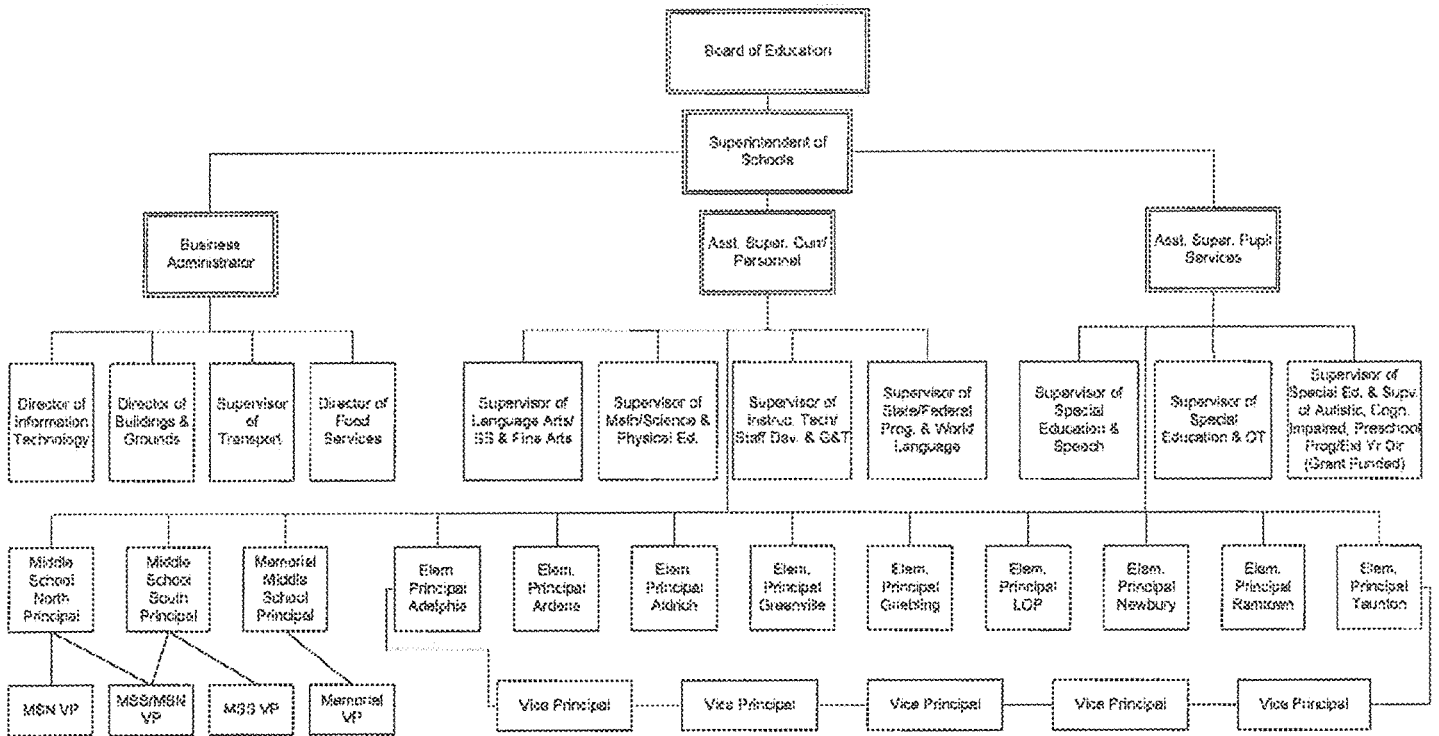
Attorney

Bathgate, Wegener, & Wolf
One Airport Road
Lakewood, New Jersey 08701

Official Depository

TD Bank
Howell, New Jersey 07731

Howell Township Public Schools Organizational Chart Administration 2012-2013



FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
 (732) 280-8888

e-mail:
 rah@monmouth.com

2807 Hurley Pond Road • Suite 100
 P.O. Box 1409
 Wall, New Jersey 07719-1409
 (732) 681-4990

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
 of the Board of Education
 Howell Township School District
 County of Monmouth
 Howell Township, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Howell Township School District, in the County of Monmouth, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Howell Township School District, in the County of Monmouth, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2013 on our consideration of the Howell Township's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Howell Township Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey

October 16, 2013

REQUIRED SUPPLEMENTARY INFORMATION
PART I

HOWELL TOWNSHIP PUBLIC SCHOOL DISTRICT
HOWELL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

UNAUDITED

The discussion and analysis of Howell Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal that is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

The MD&A is a element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statement and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999.

Financial Highlights

Key financial highlights for 2013 are as follows:

- ◆ General revenues accounted for \$111,755,762 in revenue or 96 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for 4,806,724 or 4 percent to total revenues of \$116,562,396.
- ◆ Total position of governmental activities increased by \$1,169,395.
- ◆ The School District had \$115,497,713 in expenses; only \$4,806,724 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$111,755,762 were adequate to provide for these programs.
- ◆ The General Fund had \$108,456,784 in revenues and in expenditures.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Howell Township Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Howell Township Public School District, the General Fund is by far the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2012-2013 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in the position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ♦ **Governmental activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ♦ **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) among governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for the fiscal year 2013.

Table 1
Net Position

	<u>2013</u>
Assets	
Current and other assets	\$ 17,385,547
Capital assets, net	<u>\$ 80,825,515</u>
Total assets	<u>\$ 98,211,062</u>
Liabilities	
Long-term liabilities	\$ 41,248,530
Other liabilities	<u>\$ 5,976,360</u>
Total liabilities	<u>\$ 47,224,890</u>
Net Position	
Invested in capital assets, net of debt	\$ 42,745,117
Restricted	\$ 13,017,348
Unrestricted	<u>\$ (4,776,293)</u>
Total net position	<u>\$ 50,986,172</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up **59%** of revenues for governmental activities for the Howell Township Public School District for fiscal year 2013. Federal, state and local grants accounted for another 40%.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ◆ Food service expenditures exceeded revenues by \$104,622.
- ◆ Charges for services represent \$1,306,912 of revenue. This represents amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$522,430.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teachers and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development include expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities include expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

The School District's Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Township of Howell's taxpayers and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ending June 30, 2013, it reported a combined net position balance of \$50,986,172. The reconciliation of the Statement of Revenue Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities present the reader with a detailed explanation to the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The excesses will be carried forward into the beginning fund balance for the 2013-2014 fiscal year and will be used to fund the 2013-2014 fiscal budget.

Capital Assets

At the June 30, 2013, the School District had approximately invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table 2 below shows the net book value of capital assets at the end of the 2013 fiscal year.

Table 2
Capital Assets (Net of Depreciation) at June 30

	2013
Land	\$ 5,348,108
Construction in progress	\$ 4,213,184
Building and improvements	\$ 73,362,523
Machinery and equipment	\$ 3,201,551
Totals	<u>\$ 86,125,276</u>

Debt Administration

At June 30, 2013, the School district had \$46,476,935 as outstanding debt. Of this amount, \$3,048,519 is for compensated absences, \$1,159,612 for capital leases, \$42,268,804 of installment obligations and the balance for bonds for school construction.

Economic Factors and Next Year's Budget

The Howell Township Public School District is in very good financial condition presently. Future finances are not without challenges as the community population continues to fluctuate and state funding is decreased.

The Township of Howell is primarily a residential community, with very few ratables, and is presently experiencing a slowing of what little ratable growth had been experienced. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which are voted by the residents annually.

The in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. This means that if the School Board had to pay off all bills today, including all of the School Board's non concurrent liabilities such as compensated absences, the School Board would have a deficit of. The district also has \$1 in capital reserve monies as well as the fair market value of the capital assets.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid and Tax Levy caps. Since expenses continue to increase due to inflationary and legislative pressures and revenues are fixed, the district must reduce expenses to compensate.

The School Board cannot accurately forecast future enrollment, but presently is experiencing a continued reversal of the past growth trend.

In conclusion, the Howell Township Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School district's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or require additional information contact Ronald Sanasac, Business Administrator/Board Secretary at Howell Township Board of Education, P.O. Box 579, Howell, New Jersey 07731.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

STATEMENT OF NET POSITION

Exhibit A-1

JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$	134,872	134,872
Receivables, Net	2,036,369	37,010	2,073,379
Inventory		55,694	55,694
Restricted Assets:			
Cash and Cash Equivalents	9,773,583		9,773,583
Capital Reserve Account-Cash	1		1
Capital Assets-Non-Depreciable	5,348,018		5,348,018
Capital Assets, Net	80,777,258	48,257	80,825,515
Total Assets	<u>97,935,229</u>	<u>275,833</u>	<u>98,211,062</u>
<u>Liabilities</u>			
Accounts Payable & Accrued Interest	520,601	189,271	709,872
Deferred Revenue	38,083		38,083
Noncurrent Liabilities:			
Due Within One Year	5,228,405		5,228,405
Due Beyond One Year	41,248,530		41,248,530
Total Liabilities	<u>47,035,619</u>	<u>189,271</u>	<u>47,224,890</u>
<u>Net Positions</u>			
Invested in Capital Assets, Net of Related Debt	42,696,860	48,257	42,745,117
Restricted For:			
Debt Service	156,964		156,964
Capital Projects	41,537		41,537
Other Purposes	12,818,847		12,818,847
Unrestricted	<u>(4,814,598)</u>	<u>38,305</u>	<u>(4,776,293)</u>
Total Net Position	<u>\$ 50,899,610</u>	<u>86,562</u>	<u>50,986,172</u>

The accompanying notes to financial statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 28,172,640			(28,172,640)		(28,172,640)
Special Education	12,430,632	757,665	1,291,333	(10,381,634)		(10,381,634)
Other Special Instruction	2,253,280			(2,253,280)		(2,253,280)
Other Instruction	448,068			(448,068)		(448,068)
Support Services:						
Tuition	1,409,349			(1,409,349)		(1,409,349)
Student & Instruction Related Services	9,971,784		928,384	(9,043,400)		(9,043,400)
School Administrative Services	1,281,169			(1,281,169)		(1,281,169)
General and Business Administrative Services	4,464,055			(4,464,055)		(4,464,055)
Plant Operations and Maintenance	7,781,764			(7,781,764)		(7,781,764)
Pupil Transportation	8,222,068			(8,222,068)		(8,222,068)
Unallocated Benefits	31,140,403			(31,140,403)		(31,140,403)
Business & Other Support Services	1,050,020			(1,050,020)		(1,050,020)
Interest on Long-Term Debt	1,581,657			(1,581,657)		(1,581,657)
Unallocated Depreciation	3,353,901			(3,353,901)		(3,353,901)
Education Jobs	2,959			(2,959)		(2,959)
Total Government Activities	113,563,749	757,665	2,219,717	(110,586,367)	-	(110,586,367)
Business-Type Activities:						
Food Service	1,933,964	1,306,912	522,430		(104,622)	(104,622)
Total Primary Government	115,497,713	2,064,577	2,742,147	(110,586,367)	(104,622)	(110,690,989)

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit A-2
Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General Revenues:						
Taxes:				\$		
Property Taxes, Levied for General Purpose, Net				63,460,383		63,460,383
Taxes Levied for Debt Service				6,818,991		6,818,991
Federal and State Aid Not Restricted				44,662,910		44,662,910
Investment Earnings				13,692		13,692
Miscellaneous Income				659,246		659,246
Other				26,842		26,842
Adjustment for Debt Refunding				(3,886,302)		(3,886,302)
Total General Revenues, Special Items, Extraordinary Items and Transfers				111,755,762	-	111,755,762
Change in Net Position				1,169,395	(104,622)	1,064,773
Net Position - Beginning				49,730,215	191,184	49,921,399
Net Position - Ending				\$ 50,899,610	86,562	50,986,172

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2013

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash - Restricted	\$ 9,616,620			156,964	9,773,584
Receivables from Other Governments	886,749	321,257	813,713		2,021,719
Accounts Receivable	14,650				14,650
Interfund Receivable	1,015,777				1,015,777
Total Assets	<u>\$11,533,796</u>	<u>321,257</u>	<u>813,713</u>	<u>156,964</u>	<u>12,825,730</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts Payable	\$ -		39,573		39,573
Interfund Payable		283,174	732,603		1,015,777
Deferred Revenue		38,083			38,083
Total Liabilities	<u>-</u>	<u>321,257</u>	<u>772,176</u>	<u>-</u>	<u>1,093,433</u>
Fund Balance:					
Restricted for:					
Excess Surplus - Current Year	2,500,000				2,500,000
Committed To:					
Designated for Subsequent Years Expenditures -					
Excess Surplus	2,549,317				2,549,317
Maintenance Reserve	1,728,462				1,728,462
Capital Reserve Account	1				1
Assigned To:					
Other Purposes	5,398,311				5,398,311
Designated for Subsequent Years Expenditures By The BOE	642,756				642,756
Unassigned:					
General Fund	(1,285,051)				(1,285,051)
Capital Projects			41,537		41,537
Debt Service Fund				156,964	156,964
Total Fund Balances	<u>11,533,796</u>	<u>-</u>	<u>41,537</u>	<u>156,964</u>	<u>11,732,297</u>
Total Liabilities and Fund Balance	<u>\$11,533,796</u>	<u>321,257</u>	<u>813,713</u>	<u>156,964</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$150,856,909 and the accumulated depreciation is \$64,731,633

86,125,276

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)

(46,476,935)

Accrued Interest

(481,028)

Net position of governmental activities

\$ 50,899,610

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local Sources:					
Local Tax Levy	\$ 63,460,383			6,818,991	70,279,374
Tuition Charges	757,665				757,665
Interest on Investments	13,692				13,692
Miscellaneous	659,246	7,098	-		666,344
Total Local Sources	64,890,986	7,098	-	6,818,991	71,717,075
State Sources	43,473,895	148,653		1,097,112	44,719,660
Federal Sources	91,903	2,063,966			2,155,869
Total Revenues	108,456,784	2,219,717	-	7,916,103	118,592,604
Expenditures					
Current:					
Regular Instruction	28,010,491				28,010,491
Special Education Instruction	11,139,299	1,291,333			12,430,632
Other Special Instruction	2,253,280				2,253,280
Other Instruction	448,068				448,068
Support Services and Undistributed Costs:					
Tuition	1,409,349				1,409,349
Student and Instruction Related Services	9,043,400	928,384			9,971,784
School Administrative Services	1,281,169				1,281,169
Other Administrative Services	4,464,055				4,464,055
Plant Operations and Maintenance	7,781,764				7,781,764
Pupil Transportation	8,222,068				8,222,068
Business and Other Support Services	1,050,020				1,050,020
Unallocated Benefits	31,140,403				31,140,403
Debt Service:					
Principal				5,946,868	5,946,868
Interest and Other Charges				1,830,078	1,830,078
Capital Outlay	1,498,365				1,498,365
Education Jobs	2,959				2,959
Total Expenditures	107,744,690	2,219,717	-	7,776,946	117,741,353

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit B-2
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	712,094	-	-	139,157	851,251
Other Financing Sources (Uses):					
Bring Fund Balance into Agreement With Assets	26,886			1	26,886
Accounts Receivable Cancelled	(45)				(45)
Total Other Financing Sources (Uses)	26,841			1	26,842
Net Change in Fund Balances	738,935	-	-	139,158	878,093
Fund Balance - July 1	10,794,861		41,537	17,806	10,854,204
Fund Balance - June 30	\$ 11,533,796	-	41,537	156,964	11,732,297

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES****AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS****Exhibit B-3****TO THE STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED JUNE 30, 2013**

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$ 878,093
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	(3,353,901)	
Capital Outlays	<u>1,498,365</u>	
		(1,855,536)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		
		5,946,868
Increase of Debt Service Refunding		(3,886,302)
In the statement of activities certain operating expenses, compensated absences are measured by the amount earned during the year. In the government funds however, expenditures for these items are reported in the amount of financial resources paid.		
		(162,149)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.		
		<u>248,421</u>
Change in Net Position of Governmental Activities (A-2)		<u>\$ 1,169,395</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT**STATEMENT OF NET POSITION****Exhibit B-4****PROPRIETARY FUNDS****JUNE 30, 2013**

	<u>Enterprise Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 134,872
Accounts Receivable:	
State	1,456
Federal	35,554
Inventory	55,694
Total Current Assets	<u>227,576</u>
Noncurrent Assets:	
Equipment	1,171,911
Accumulated Depreciation	<u>(1,123,654)</u>
Total Fixed Assets	<u>48,257</u>
Total Assets	<u><u>\$ 275,833</u></u>
<u>Liabilities</u>	
Accounts Payable	<u><u>\$ 189,271</u></u>
<u>Net Position</u>	
Investment in Capital Assets	\$ 48,257
Unrestricted	<u>38,305</u>
Total Net Position	<u><u>\$ 86,562</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN ACTIVITIES

Exhibit B-5

PROPRIETARY FUNDSJUNE 30, 2013

	<u>Enterprise Fund</u>
Operating Revenues:	
Daily Sales	\$ 1,239,648
Miscellaneous	67,264
Total Operating Revenues	<u>1,306,912</u>
Operating Expenses:	
Salaries & Benefits	920,330
Cost of Sales	871,460
Supplies and Materials	28,033
Commodities Processing	25,374
Depreciation	18,740
Uniforms	6,080
Office Supplies	1,434
Equipment/Repairs	35,089
Miscellaneous	27,424
Operating Expenses	<u>1,933,964</u>
Operating Gain/(Loss)	(627,052)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	17,679
Federal Sources:	
National School Lunch Program	411,227
Breakfast Program	15,919
Special Milk Program	4,127
Food Distribution Program	73,478
Total Non-Operating Revenues	<u>522,430</u>
Change in Net Position	(104,622)
Net Position - July 1	<u>191,184</u>
Net Position' - June 30	<u><u>\$ 86,562</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT**STATEMENT OF CASH FLOWS****Exhibit B-6****PROPRIETARY FUNDS****JUNE 30, 2013**

	Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,306,912
Payments to Employees & Benefits	(920,330)
Payments to Supplies	(737,762)
Net Provided (Used) by Operating Activities	<u>(351,180)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	17,679
Federal Sources	431,273
Net Cash Provided by Noncapital Financing Activities	<u>448,952</u>
Net Increase (Decrease) in Cash and Cash Equivalents	97,772
Balance - July 1	<u>37,100</u>
Balance - June 30	<u><u>\$ 134,872</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (627,052)
Depreciation	18,740
Federal Commodities	73,478
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Decrease/(Increase) in Inventory	(1,914)
(Decrease)/Increase in Accounts Payable	189,271
Decrease/(Increase) in Accounts Receivable	<u>(3,703)</u>
Net Provided (Used) by Operating Activities	<u><u>\$ (351,180)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****Exhibit B-7****JUNE 30, 2013**

	Unemployment Compensation Trust
Assets:	
Cash and Cash Equivalents	\$ 313,214
Total Assets	\$ 313,214
Net Position:	
Reserved - Unemployment Claims	\$ 313,214
Total Net Position	\$ 313,214

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

Exhibit B-8

JUNE 30, 2013

	<u>Unemployment Compensation Trust</u>
<u>Additions</u>	
Contributions:	
Plan Member	\$ 33,463
Total Contributions	<u>33,463</u>
<u>Deductions</u>	
Unemployment Claims	<u>155,295</u>
Total Deductions	<u>155,295</u>
Change in Net Position	(121,832)
Net Position - July 1	<u>435,046</u>
Net Position - June 30	<u><u>\$ 313,214</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
HOWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Howell Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Howell Township School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Howell Township School District had an approximate enrollment at June 30, 2013 of 6,604 students.

The students Grades 9-12 are educated by the Freehold Regional High School District of which Howell Township is a member.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is whether:

- The organization is legally separate (can sue or be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial/benefit/burden on the District
- There is a fiscal dependency by the organization on the District

B. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Services Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

E. Budgets/Budgetary Control:

Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2013 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control (Continued):

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types. Note that the District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

F. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. Short-Term Interfund Receivables/Payables:

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

NOTE 1: Summary of Significant Accounting Policies (Continued)**H. Inventories and Prepaid Expenses (Continued)**

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2013.

I. Capital Assets and Depreciation

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company during the 2003 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2002-2003 fiscal year and prior with a historical cost of \$2,000 or more. The records have been updated to June 30, 2013. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities:				
Capital Assets That Are Not Being Depreciated:				
Land	\$ 5,348,018	_____	_____	5,348,018
Total Capital Assets Not Being Depreciated	<u>5,348,018</u>	_____	_____	<u>5,348,018</u>
Depreciable Assets:				
Site Improvements	9,258,037			9,258,037
Buildings	122,234,570			122,234,570
Machinery & Equip.	<u>12,756,284</u>	<u>1,260,000</u>	_____	<u>14,016,284</u>
Total	<u>144,248,891</u>	<u>1,260,000</u>	_____	<u>145,508,891</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)**I. Capital Assets and Depreciation (Continued)**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
Less: Accumulated Depreciation:				
Sites	(4,651,824)	(393,029)		(5,044,853)
Buildings	(46,531,889)	(2,340,158)		(48,872,047)
Machinery & Equip.	<u>(10,194,019)</u>	<u>(620,714)</u>		<u>(10,814,733)</u>
Total Accumulated Depreciation	<u>(61,377,732)</u>	<u>(3,353,901)</u>		<u>(64,731,633)</u>
Net Depreciable Assets	<u>82,871,159</u>	<u>(2,093,901)</u>		<u>80,777,258</u>
Governmental Activities Capital Assets (Net)	<u>\$ 88,219,177</u>	<u>(2,093,901)</u>		<u>86,125,276</u>

Depreciations expense was charged to governmental functions as follows:

Unallocated	<u>\$ 3,353,901</u>
-------------	---------------------

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2013</u>
Business-Type Activities:				
Equipment	\$ 1,171,911			1,171,911
Less: Accumulated Depreciation:				
Equipment	<u>(1,104,914)</u>	<u>(18,740)</u>		<u>1,123,654</u>
Business-Type Capital Assets (Net)	<u>\$ 66,997</u>	<u>(18,740)</u>		<u>48,257</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)**J. Compensated Absences**

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

K. Deferred Revenue

Deferred revenue in the general and special revenue funds represent cash which has been received but not yet earned. Deferred revenue in the general fund represents monies received for fiscal year 2013. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 9).

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Deposits**

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2013, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Checking and Money Market Accounts	<u>\$ 13,708,870</u>

The carrying amount of the District's cash and cash equivalents at June 30, 2013 was \$13,708,870 and the bank balance was \$13,839,821. Of the bank balance, \$250,000 was covered by federal depository insurance and \$13,589,821 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

	Bank Balance	
<u>Depository Account</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Insured:		
FDIC	\$ 250,000	250,000
GUDPA	13,589,821	11,810,118

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

As of December 31, 2013 the District did not hold any long-term investments.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2013, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance			Balance	Long-Term	2013-14
	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>	<u>Portion</u>	<u>Payment</u>
Compensated Absences Payable	\$ 2,886,370	162,149		3,048,519	3,048,519	
Capital Leases Payable	2,078,044	332,840	1,251,272	1,159,612	780,011	379,601
Installment Obligation	6,066		6,066			
Bonds Payable	<u>44,329,370</u>	<u> </u>	<u>2,060,566</u>	<u>42,268,804</u>	<u>37,420,000</u>	<u>4,848,804</u>
	<u>\$ 49,299,850</u>	<u>494,989</u>	<u>3,317,904</u>	<u>46,476,935</u>	<u>41,248,530</u>	<u>5,228,405</u>

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds.

<u>School</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Balance June 30, 2013</u>
Small Project	08-18-93	1.50%	\$ 17,959
Small Project	08-18-93	5.29%	75,845
Construction of 3 Schools	07-19-02	3.20% to 5.25%	17,995,000
ERIP (Refunded)	02-19-03	2.00% to 5.875%	2,355,000
Pension Series 2005	03-08-05	3.70% to 5.35%	3,890,000
2012A Refunding Bonds	05-22-12	2.00% to 5.00%	8,825,000
Pension Series 2005 Refunding	03-21-13	0.350% to 1.950%	<u>9,110,000</u>
			<u>\$ 42,268,804</u>

NOTE 3: General Long-Term Debt (Continued)**A. Bonds Payable (Continued)****Maturity Schedule**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2014	\$ 4,848,804	1,251,851	6,100,655
2015	4,860,000	1,134,951	5,994,951
2016	5,030,000	955,120	5,985,120
2017	5,210,000	787,165	5,997,165
2018	5,360,000	638,704	5,998,704
2019-2023	16,680,000	1,431,830	18,111,830
2024-2028	<u>280,000</u>	<u>35,090</u>	<u>315,090</u>
	<u>\$ 42,268,804</u>	<u>6,234,711</u>	<u>48,503,515</u>

B. Capital Leases

2010 various equipment @ 2.91% interest for 5 years maturing 9/17/14 with a balance of \$646,748 at June 30, 2013.

2011 Zerox @ 3.94% interest for 5 years maturing 7/15/16 with a balance of \$118,205 at June 30, 2013.

2010 equipment lease @ 3.95% interest for 5 years maturing 7/15/15 with a balance of \$146,668 at June 30, 2013.

2012 Zerox @ 4.15% interest for 5 years maturing 7/15/17 with a balance of \$247,991 at June 30, 2013.

Future Minimum Lease Payments

2013-2014	\$ 404,100
2014-2015	404,100
2015-2016	174,066
2016-2017	151,877
2017-2018	<u>89,259</u>
	1,223,402
Less: Interest	<u>(63,791)</u>
Lease Payments	<u>\$ 1,159,611</u>

NOTE 4: Pension Plans

Description of Plans – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A.6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

NOTE 4: Pension Plans (Continued)

Significant Legislation - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2013, the State of New Jersey contributed \$6,583,027 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$3,498,274 during the year ended June 30, 2013 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

<u>Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/13	\$ 1,668,245	100%	\$ 0
6/30/12	1,701,647	100%	0
6/30/11	1,599,263	100%	0

NOTE 4: Pension Plans (Continued)**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/13	\$ 6,583,027	100%	\$ 0
6/30/12	4,522,023	100%	0
6/30/11	3,243,456	100%	0

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2012, there were 97,661 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

NOTE 6: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the right to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

NOTE 7: Capital Reserve Account

A capital reserve account was established by the Township of Howell Board of Education by inclusion of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance July 1, 2012	<u>\$ 1</u>
Ending Balance June 30, 2013	<u>\$ 1</u>

NOTE 8: Inventory

Inventory in the Food Service Fund at June 30, 2013 consisted of the following:

Food	\$ 35,311
Supplies	<u>20,383</u>
	<u>\$ 55,694</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 9: Fund Balance Appropriated

General Fund – Of the \$14,809,003 General Fund fund balance at June 30, 2013, \$5,398,311 is reserved for encumbrances; \$1 is Capital Reserve; \$642,756 has been appropriated and also included as anticipated revenue for the year ending June 30, 2014; \$2,549,317 is excess surplus designated for subsequent years expenditures; \$2,500,000 is excess surplus; \$1,728,462 is maintenance reserve; and \$1,990,156 is unreserved and undesignated.

NOTE 10: Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was an excess fund balance at June 30, 2013 of \$2,500,000.

NOTE 11: Contingent Liabilities

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

NOTE 12: Tuition Adjustments

Regulations specify that tuition adjustments for any given school year shall be remitted/received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2013 financial statements.

NOTE 13: Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

NOTE 14: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2012-2013		33,463	155,295	313,214
2011-2012	100,000	93,521	198,035	435,046
2010-2011	156	571,515	452,974	439,560

NOTE 15: Refunding Bonds

Refunding bonds were sold on July 19, 2002 for \$13,435,000 to refund principal and interest on the 1997 Middle School bonds leaving an aggregate principal amount of \$4,115,000 Series 1997 Bonds which will be fully amortized on July 15, 2007. This issue is fully insured by AMBAC Guaranty Insurance Company. The issuing funds have been deposited in an escrow deposit trust fund to defease all the callable bonds on July 15, 2007.

Refunding bonds were sold on March 8, 2005 for \$19,080,000. The Boards unfunded accrued liability in the PERS and TPAF systems under ERI pension fund liabilities.

The bonds maturing prior to July 15, 2016 are not subject to redemption prior to their stated maturities. The bonds of this issue maturing on or after July 15, 2016 are subject to redemption prior to their stated maturity at the option of the Board, in whole or in part, on any date, on or after July 15, 2015 upon notice as required herein at 100% of the principal amount (the "Redemption Price"), plus in each case accrued interest to the date fixed for redemption.

Refunding revenue bonds were sold on March 15, 2006 for \$5,008,000 for restructuring purposes.

Refunding bonds were issued dated 12/29/11 for \$2,375,000 to refund a portion of its 2003 refunding bonds and refunding bonds were issued dated 5/22/12 to refund a portion of its 2002 refunding bonds in the amount of \$8,825,000, both issues sold to the Monmouth County Improvement Authority.

Refunding bonds were issued dated 3/21/13 for \$9,110,000 to refund a portion of its 2005 Pension Series of 3/8/05.

NOTE 16: Contingent Liabilities

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

NOTE 17: Equity Balance

At June 30, 2013 the General Fund equity balance was as follows:

Restricted Fund Balances:	
Excess Surplus – Current Year	\$ 2,500,000
Committed Fund Balance:	
Maintenance Reserve	1,728,462
Capital Reserve	1
Excess Surplus – Designated for Subsequent Years Expenditures	2,549,317
Assigned Fund Balances:	
Designated for Subsequent Years Expenditures	642,756
Year-End Encumbrances	5,398,311
Unassigned Fund Balance	<u>1,990,156</u>
	<u>\$ 14,809,003</u>

NOTE 17: Equity Balance (Continued)**2% Calculation of Excess Surplus**

2012-13 Total General Fund Expenditures Per the CAFR	\$ 107,744,690
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(10,081,301)</u>
Adjusted 2012-13 General Fund Expenditures	<u>\$ 97,663,389</u>
2% of Adjusted 2012-13 General Fund Expenditures	<u>\$ 1,953,268</u>
Enter Greater of Above or \$250,000	\$ 1,953,268
Increased by Allowable Adjustment	<u>36,888</u>
Maximum Unassigned Fund Balance	<u>\$ 1,990,156</u>

Section 2

Total General Fund – Fund Balance @ 6-30-13	\$ 14,809,003
Decreased by:	
Reserved by Encumbrances	(5,398,311)
Designated for Subsequent Year's Expenditures	(642,756)
Designated for Subsequent Year's Expenditures – Excess Surplus	(2,549,317)
Other Reserves	<u>(1,728,463)</u>
Total Unassigned Fund Balance	<u>\$ 4,490,156</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 2,500,000</u>

Section 3

Reserved Fund Balance – Excess Surplus Designated for Subsequent Expenditures	\$ 2,549,317
Reserved Excess Surplus	<u>2,500,000</u>
	<u>\$ 5,049,317</u>

Detail of Allowable Adjustments

Non Public Transportation	\$ 21,857
Extraordinary Aid	<u>14,831</u>
Total Adjustments	<u>\$ 36,688</u>

Detail of Other Reserved Fund Balances

Maintenance Reserve	\$ 1,728,462
Capital Reserve	<u>1</u>
	<u>\$ 1,728,463</u>

NOTE 18: Significant Account Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2013. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2013 through October 16, 2013.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES – C

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 63,460,383		63,460,383	63,460,383	-
Tuition	937,380		937,380	757,665	(179,715)
Interest on Investments			-	13,692	13,692
Miscellaneous	278,367		278,367	659,246	380,879
Total Local Sources	64,676,130	-	64,676,130	64,890,986	214,856
State Sources:					
Special Education Aid	3,752,507		3,752,507	3,752,507	-
Equalization Aid	28,107,297		28,107,297	28,107,297	-
Extraordinary Aid	500,000		500,000	514,831	14,831
Security Aid	507,962		507,962	507,962	
Transportation Aid	609,814		609,814	609,814	
Non Public Transportation				21,857	21,857
On Behalf of TPAF Pension Contribution (Non-Budgeted)			-	6,583,027	6,583,027
Reimbursed TPAF Social Security Contributions					
(Non-Budgeted)			-	3,498,274	3,498,274
Total State Sources	33,477,580	-	33,477,580	43,595,569	10,117,989
Federal Sources					
Education Jobs Fund		2,959	2,959	2,959	-
Medicaid	63,428		63,428	88,944	25,516
Total Federal Sources	63,428	2,959	66,387	91,903	25,516
Total Revenues	98,217,138	2,959	98,220,097	108,578,458	10,358,361

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Distributed Expenditures:					
Current Expense:					
Instruction - Regular Programs:					
Preschool/Kindergarten	1,436,890		1,436,890	1,415,486	21,404
Grades 1-5	14,554,358	757,855	15,312,213	15,084,736	227,477
Grades 6-8	10,152,296	5,998	10,158,294	10,123,333	34,961
Regular Programs - Undistributed					
Instruction:					
Other Salaries for Instruction		263,000	263,000	204,847	58,153
General Supplies	1,219,369	163,338	1,382,707	908,668	474,039
Textbooks	726,125	(306,434)	419,691	72,225	347,466
Other Objects	437,860	(31,967)	405,893	201,196	204,697
Total Regular Programs	28,526,898	851,790	29,378,688	28,010,491	1,368,197
Special Education:					
Cognitive - Mild:					
Instruction:					
Salaries of Teachers	145,825	43,925	189,750	189,174	576
Other Salaries for Instruction	81,224		81,224	73,756	7,468
General Supplies	2,250		2,250	2,217	33
Other Objects	900		900	363	537
Total Cognitive - Mild	230,199	43,925	274,124	265,510	8,614

HOWELL TOWNSHIP SCHOOL DISTRICT

**Exhibit C-1
Sheet 3 of 13**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Learning and/or Language Disabilities - Instruction:					
Salaries of Teachers	1,054,755		1,054,755	1,054,712	43
Other Salaries for Instruction	412,818		412,818	412,817	1
General Supplies	20,000	(12,000)	8,000	7,089	911
Other Objects	2,200		2,200	1,076	1,124
Total Learning/Language Disabilities	1,489,773	(12,000)	1,477,773	1,475,694	2,079
Behavioral Disabilities - Instruction:					
Salaries of Teachers	49,950		49,950	49,879	71
Other Salaries For Instruction	58,974	174	59,148	58,973	175
Supplies	1,200		1,200	1,199	1
Other Objects	3,800	(1,619)	2,181	2,181	-
Total Behavioral Disabilities	113,924	(1,445)	112,479	112,232	247
Multiple Disabilities - Instruction:					
Salaries of Teachers	588,335		588,335	512,723	75,612
Other Salaries for Instruction	117,948		117,948	117,891	57
General Supplies	2,250	(2,250)	-		-
Other Objects	2,400		2,400	1,493	907
Total Multiple Disabilities	710,933	(2,250)	708,683	632,107	76,576
Resource Room/Resource Center - Instruction:					
Salaries of Teachers	6,213,410	(142,606)	6,070,804	6,069,385	1,419
Other Salaries for Instruction	975,876		975,876	868,430	107,446
Total Resource Room/Resource Center	7,189,286	(142,606)	7,046,680	6,937,815	108,865

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autistic - Instruction:					
Salaries of Teachers	287,010	100,600	387,610	385,132	2,478
Other Salaries for Instruction	353,844		353,844	353,843	1
General Supplies	5,400	(1,646)	3,754	3,738	16
Other Objects	3,000		3,000	1,599	1,401
Total Autistic	649,254	98,954	748,208	744,312	3,896
Preschool Disabilities - Part-Time - Instruction:					
Salaries of Teachers	284,500		284,500	258,172	26,328
Other Salaries for Instruction	324,357		324,357	257,315	67,042
General Supplies	4,000		4,000	2,537	1,463
Other Objects	1,000		1,000	889	111
Total Preschool Disabilities - Part-Time	613,857	-	613,857	518,913	94,944
Preschool Disabilities-Full time-Instruction:					
Salaries of Teachers	332,325		332,325	331,325	1,000
Other Salaries for Instruction	117,948		117,948	117,948	-
General Supplies	4,000		4,000	2,481	1,519
Other Objects	1,000		1,000	962	38
Total Preschool Disabilities-Full time	455,273	-	455,273	452,716	2,557
Total Special Education - Instruction	11,452,499	(15,422)	11,437,077	11,139,299	297,778
Basic Skills/Remedial Instruction:					
Salaries of Teachers	2,228,706		2,228,706	2,055,356	173,350
Other Salaries for Instruction	62,418		62,418	39,688	22,730
Total Basic Skills/Remedial	2,291,124	-	2,291,124	2,095,044	196,080

HOWELL TOWNSHIP SCHOOL DISTRICT

**Exhibit C-1
Sheet 5 of 13**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	157,798		157,798	157,241	557
General Supplies	1,000		1,000	995	5
Textbooks	5,000	(5,000)	-		-
Other Objects	500		500		500
Total Bilingual Education	164,298	(5,000)	159,298	158,236	1,062
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	132,000	(50,565)	81,435	78,531	2,904
Other Purchased Services	6,600	72,316	78,916	74,701	4,215
General Supplies	1,500		1,500	1,050	450
Total School Sponsored Co-Curricular Activities	140,100	21,751	161,851	154,282	7,569
School Sponsored Athletics-Instruction					
Other Purchased Services	268,725	(21,491)	247,234	238,650	8,584
Supplies and Materials	40,000	16,225	56,225	55,136	1,089
Total School Sponsored Athletics	308,725	(5,266)	303,459	293,786	9,673
Total Instruction	42,883,644	847,853	43,731,497	41,851,138	1,880,359
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs W/I State - Regular/Special	288,873	5,899	294,772	294,772	-
Tuition to Private School for the Disabled W/I State	968,480	152,862	1,121,342	1,114,577	6,765
Tuition - State Facilities	31,365	(31,246)	119		119
Total Instruction	1,288,718	127,515	1,416,233	1,409,349	6,884

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 6 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Attendance and Social Work:					
Salaries	86,113		86,113	84,248	1,865
Total Attendance and Social Work	86,113	-	86,113	84,248	1,865
Health Services:					
Salaries	1,122,539	(22,120)	1,100,419	1,047,426	52,993
Purchase Prof/Tech. Services	15,000		15,000	15,000	-
Supplies and Materials	13,600		13,600	8,631	4,969
Other Objects	500		500		500
Total Health Services	1,151,639	(22,120)	1,129,519	1,071,057	58,462
Other Support Services - Students - Related Services:					
Salaries	1,375,867	18,000	1,393,867	1,393,851	16
Purchased Professional Educational Services	45,000	(30,801)	14,199	11,983	2,216
Supplies and Materials	8,000	3,117	11,117	9,487	1,630
Other Objects	10,000	(2,500)	7,500	2,956	4,544
Total Other Support Services - Students - Rel. Services	1,438,867	(12,184)	1,426,683	1,418,277	8,406
Other Support Services - Extraordinary Services:					
Salaries	793,664		793,664	518,665	274,999
Other Support Services Students - Regular:					
Salaries	911,995		911,995	845,969	66,026
Supplies and Materials		4,800	4,800	4,710	90
Total Other Support Services Students-Regular	911,995	4,800	916,795	850,679	66,116

HOWELL TOWNSHIP SCHOOL DISTRICT

**Exhibit C-1
Sheet 7 of 13**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Services - Special:					
Other Salaries for Instruction	2,807,005		2,807,005	2,561,582	245,423
Salaries - Secretarial and Clerical	516,078		516,078	501,627	14,451
Other Objects	13,000	19,400	32,400	32,312	88
Total Other Support Services - Special	3,336,083	19,400	3,355,483	3,095,521	259,962
Improvement of Instruction:					
Salaries - Supervisors	467,822	8,000	475,822	469,373	6,449
Salaries - Secretarial and Clerical	73,052	77,700	150,752	139,482	11,270
Salaries - Master Teachers		364,000	364,000	363,999	1
Total Improvement of Instruction	540,874	449,700	990,574	972,854	17,720
Educational Media Services/School Library:					
Salaries	852,710	(57,000)	795,710	795,708	2
Supplies and Materials	118,885	(612)	118,273	97,820	20,453
Total Educational Media Services/School Library	971,595	(57,612)	913,983	893,528	20,455
Instructional Staff Training Services:					
Salaries	150,000	(8,200)	141,800	45,312	96,488
Other Salaries	7,000	8,200	15,200	8,166	7,034
Other Objects	146,000	19,640	165,640	85,093	80,547
Total Instructional Staff Training Services	303,000	19,640	322,640	138,571	184,069

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administration:					
Salaries	577,192		577,192	551,434	25,758
Legal Services	175,000	2,000	177,000	158,294	18,706
Audit Fees	21,000		21,000	21,000	
Purchased Professional Services	32,000	57,100	89,100	69,167	19,933
Purchased Technical Services	10,000	(1,327)	8,673	7,860	813
Communications - Telephone	367,500	56,100	423,600	418,683	4,917
Other Purchased Services	4,500	(2,200)	2,300		2,300
General Supplies	35,700	(1,448)	34,252	27,818	6,434
Other Objects	250		250	250	-
BOE Membership Dues And Fees	35,150	(8,337)	26,813	26,663	150
Total Support Services - General Administration	1,258,292	101,888	1,360,180	1,281,169	79,011
Support Services - School Administration:					
Salaries:					
Principals/Assistant Principals	2,621,726		2,621,726	2,513,996	107,730
Secretarial and Clerical	1,231,670	1,692	1,233,362	1,231,669	1,693
Other Purchased Services	19,450	4,700	24,150	8,017	16,133
Supplies & Materials	38,550	1,209	39,759	24,034	15,725
Other Objects		175	175		175
Total Support Services - School Administration	3,911,396	7,776	3,919,172	3,777,716	141,456

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Central Services:					
Salaries	896,303		896,303	888,620	7,683
Purchased Tech. Services		35,761	35,761	35,760	1
Sale - Lease-Back Payments	239,648	(108,500)	131,148	62,618	68,530
Supplies and Materials	81,650	6,694	88,344	63,022	25,322
Total Central Services	1,217,601	(66,045)	1,151,556	1,050,020	101,536
Administrative Information Technology:					
Salaries	308,406	44,106	352,512	345,738	6,774
Purchased Technical Services	290,000	31,194	321,194	308,654	12,540
Other Purchased Services	28,000	228	28,228	28,228	-
Supplies and Materials	4,000	(221)	3,779	1,967	1,812
Other Objects		29,544	29,544	1,752	27,792
Total Administrative Information Technology	630,406	104,851	735,257	686,339	48,918
Required Maintenance for School Facilities:					
Salaries	949,383	1,824	951,207	801,867	149,340
Cleaning Repairs & Maintenance Services	820,800	26,000	846,800	720,843	125,957
General Supplies	158,100	47,281	205,381	134,117	71,264
Total Required Maintenance for School Facilities	1,928,283	75,105	2,003,388	1,656,827	346,561
Other Operating & Maintenance of Plant:					
Salaries	3,061,215	2,860	3,064,075	2,885,403	178,672
Cleaning Repairs & Maintenance	151,400	22,598	173,998	115,315	58,683
Other Purchased Property Services	216,720	10,123	226,843	183,236	43,607
Insurance	281,900	(7,000)	274,900	269,214	5,686
Purchased Services	29,000	11,000	40,000	20,790	19,210
General Supplies	295,000	137,437	432,437	284,687	147,750

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
Other Operating & Maintenance of Plant (Continued):					
Energy - Electricity	1,999,075	75,979	2,075,054	1,181,965	893,089
Energy - Gas	1,142,557	(71,867)	1,070,690	590,245	480,445
Total Other Operating & Maintenance of Plant	7,176,867	181,130	7,357,997	5,530,855	1,827,142
Care and Upkeep of Grounds:					
Salaries	466,460	2,624	469,084	401,261	67,823
Cleaning, Repair and Maintenance	37,000	2,702	39,702	35,469	4,233
General Supplies	100,700	(16,821)	83,879	64,006	19,873
Total Care and Upkeep of Grounds	604,160	(11,495)	592,665	500,736	91,929
Security					
Salaries-Director		10,000	10,000	8,937	1,063
Cleaning, Repair and Maintenance	86,000	86,190	172,190	82,396	89,794
Supplies		2,529	2,529	2,013	516
Total Security	86,000	98,719	184,719	93,346	91,373
Student Transportation Services:					
Salaries-Aides	417,986	4,072	422,058	417,985	4,073
Salaries - Pupil Trans. B/W Home & School - Regular	1,921,612	31,067	1,952,679	1,920,534	32,145
Cleaning Repairs and Maintenance	34,004	45,957	79,961	60,025	19,936
Contracted Services B/W Home & School - Vendors	2,250,000	(240,000)	2,010,000	1,725,776	284,224
Contracted Services - Special Education - Vendors	1,090,000	240,000	1,330,000	1,316,605	13,395
Contracted Services - Joint Agreements	3,000		3,000		3,000
Contracted Services - Special Ed. - ESCs & CTSA's	750,000	(3,000)	747,000	590,387	156,613
Contracted Services - Aid in Lieu Pymts-Non Public Sch.	140,000		140,000	71,230	68,770
Miscellaneous Purchased Services	360,000		360,000	256,706	103,294
General Supplies	704,344	(33,162)	671,182	511,410	159,772
Other Objects	440,565	3,000	443,565	272,139	171,426
Total Student Transportation Services	8,111,511	47,934	8,159,445	7,142,797	1,016,648

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 11 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student Transportation Services - Employee Benefits:					
Social Security	240,975		240,975	240,974	1
Workmen's Compensation	500,000	(52,800)	447,200	436,472	10,728
Health Benefits	213,025	188,800	401,825	401,825	-
Total Student Transportation - Employee Benefits	954,000	136,000	1,090,000	1,079,271	10,729
Personal Services - Employee Benefits:					
Social Security	1,033,253	1,706,000	2,739,253	2,738,552	701
TPAF Contributions - ERIP	85,000	52,000	137,000	69,517	67,483
Other Retirement Contributions - PERS	1,820,549	(152,304)	1,668,245	1,668,245	-
Other Contributions ERIP	181,728	273,872	455,600	335,920	119,680
Unemployment Compensation	150,000	(147,696)	2,304	249,241	2,304
Workmen's Compensation	250,000		250,000		759
Health Benefits	17,033,679	375,177	17,408,856	15,962,578	1,446,278
Tuition Reimbursements	120,000		120,000	35,049	84,951
Total Personal Services - Employee Benefits	20,674,209	2,107,049	22,781,258	21,059,102	1,722,156
On-Behalf TPAF Pension Contributions (Non-Budgeted)			-	6,583,027	(6,583,027)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)			-	3,498,274	(3,498,274)
		-	-	10,081,301	(10,081,301)
Total Undistributed Expenditures	57,375,273	3,294,722	60,687,324	64,392,228	(3,704,904)
Total Expenditures - Current Expense	100,258,917	4,142,575	104,418,821	106,243,366	(1,824,545)

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 12 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital Outlay:					
Equipment:					
Undistributed Expenditures - School Administration	143,732	(140,243)	3,489	3,489	-
Undistributed Expenditures - Instruction		332,180	332,180	332,180	
Undistributed Expenditures - Athletic Equipment		10,855	10,855		10,855
Undistributed Expenditures - Adm. Information Tech.	669,489	425,882	1,095,371	468,543	626,828
Undistributed Expenditures - Plant Maintenance	511,284	628,168	1,139,452	556,672	582,780
Undistributed Expenditures - Transportation		431,000	431,000		431,000
	<u>1,324,505</u>	<u>1,687,842</u>	<u>3,012,347</u>	<u>1,360,884</u>	<u>1,651,463</u>
Facilities Acquisition-					
Assessment for Debt Service on SDA Funding	137,481		137,481	137,481	-
Total Capital Outlay	<u>1,461,986</u>	<u>1,687,842</u>	<u>3,149,828</u>	<u>1,498,365</u>	<u>1,651,463</u>
Education Jobs Fund:					
Health Benefits		2,959	2,959	2,959	
Total Expenditures	<u>101,720,903</u>	<u>5,833,376</u>	<u>107,571,608</u>	<u>107,744,690</u>	<u>(173,082)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(3,503,765)</u>	<u>(5,830,417)</u>	<u>(9,351,511)</u>	<u>833,768</u>	<u>10,185,279</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

**Exhibit C-1
Sheet 13 of 13**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final to Actual</u>
Other Financing Sources (Uses)					
Amount to Bring Fund Balance Into Agreement With Assets				26,886	26,886
Accounts Receivable Cancelled			-	(45)	(45)
Total Other Financing Sources (Uses)				26,841	26,841
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(3,503,765)	(5,830,417)	(9,351,511)	860,609	10,212,120
Fund Balance July 1	13,948,394		13,948,394	13,948,394	-
Fund Balance June 30	<u>\$ 10,444,629</u>	<u>(5,830,417)</u>	<u>4,596,883</u>	<u>14,809,003</u>	<u>10,212,120</u>
Recapitulation:					
Restricted Funds:					
Excess Surplus-Current Year				\$ 2,500,000	
Committed Fund Balances:					
Maintenance Reserve				1,728,462	
Capital Reserve				1	
Excess Surplus-Designated For Subsequent Year's Expenditures				2,549,317	
Assigned Fund Balances:					
Year End Encumbrances				5,398,311	
Designated For Subsequent Year's Expenditures				642,756	
Unassigned Fund Balance				1,990,156	
				<u>14,809,003</u>	
Reconciliation To Government Fund Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(3,275,207)	
Fund Balance per Government Funds (GAAP)				<u>\$11,533,796</u>	

HOWELL TOWNSHIP SCHOOL DISTRICT**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

Exhibit C-1b

FEDERAL EDUCATION JOBS FUND**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Adjusted Budget</u>	<u>Expended</u>	<u>Funds Available</u>
Health Benefits: 18-000-291-270	<u>\$ 2,959</u>	<u>2,959</u>	<u></u>
Total Education Jobs	<u><u>\$ 2,959</u></u>	<u><u>2,959</u></u>	<u><u>-</u></u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
State Sources	\$ 204,990	(56,337)	148,653	148,653	-
Local Sources		7,098	7,098	7,098	-
Federal Sources	2,194,641	(140,405)	2,054,236	2,054,236	-
Total Revenues	<u>\$ 2,399,631</u>	<u>(189,644)</u>	<u>2,209,987</u>	<u>2,209,987</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 600,000	20,648	620,648	620,648	-
Other Salaries For Instruction		30,667	30,667	30,667	-
Purchased Professional and Technical Services	732,950	(224,161)	508,789	508,789	-
General Supplies	100,000	322	100,322	100,322	-
Textbooks	22,681	(5,867)	16,814	16,814	-
Other Objects		4,363	4,363	4,363	-
Total Instruction	<u>1,455,631</u>	<u>(174,028)</u>	<u>1,281,603</u>	<u>1,281,603</u>	<u>-</u>
Support Services:					
Other Salaries for Instruction	200,000	98,691	298,691	298,691	-
Personal Services - Employee Benefits	44,000	43	44,043	44,043	-
Purchased Professional Services	700,000	(153,830)	546,170	546,170	-
Other Purchased Services (400-500 Series)		4,597	4,597	4,597	-
Supplies and Materials		34,570	34,570	34,570	-
Other Objects		313	313	313	-
Total Support Services	<u>944,000</u>	<u>(15,616)</u>	<u>928,384</u>	<u>928,384</u>	<u>-</u>
Total Expenditures	<u>\$ 2,399,631</u>	<u>(189,644)</u>	<u>2,209,987</u>	<u>2,209,987</u>	<u>-</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

HOWELL TOWNSHIP SCHOOL DISTRICT**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit C-3

BUDGET TO GAAP RECONCILIATION**NOTE TO RSI****FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 108,578,458	2,209,987
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		9,730
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	3,153,533	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(3,275,207)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 108,456,784</u>	<u>2,219,717</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 107,744,690	2,209,987
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>9,730</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 107,744,690</u>	<u>2,219,717</u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit E-1
Sheet 1 of 2

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Non-Public							
	Chapter 192			Chapter 193				
	Textbooks	Nursing	Technology	Compensatory Education	Transportation	Supplemental Instruction	Examination & Classification Initial Annual	Corrective Speech
Revenues:								
Local Sources	\$ -							
State Sources	16,814	26,168	7,066	48,074	11,760	13,183	11,140	10,937
Federal Sources								
Total Revenues	<u>\$ 16,814</u>	<u>26,168</u>	<u>7,066</u>	<u>48,074</u>	<u>11,760</u>	<u>13,183</u>	<u>11,140</u>	<u>10,937</u>
Expenditures:								
Instruction:								
Salaries of Teachers	\$ -							
Other Salaries For Instruction								
General Supplies	16,814							
Textbooks		26,168	7,066					
Purchased Professional Services								
Other Objects								
Total Instruction	<u>16,814</u>	<u>26,168</u>	<u>7,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support Services:								
Other Salaries								
Purchased Professional Services				48,074	11,760	13,183	11,140	10,937
Other Purchased Services								
Supplies and Materials								
Other Objects								
Personal Services - Employee Benefits								
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,074</u>	<u>11,760</u>	<u>13,183</u>	<u>11,140</u>	<u>10,937</u>
Total Expenditures	<u>\$ 16,814</u>	<u>26,168</u>	<u>7,066</u>	<u>48,074</u>	<u>11,760</u>	<u>13,183</u>	<u>11,140</u>	<u>10,937</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Title I	Title IIA	Title III	I.D.E.A. Part B Regular	I.D.E.A. Preschool	Race to the Top	Howell Alliance	Smart Lunch	Totals
Revenues:									
Local Sources					-		2,529	4,569	7,098
State Sources	225,207	116,352	19,707	1,556,040	113,433	23,497			148,653
Federal Sources									2,054,236
Total Revenues	225,207	116,352	19,707	1,556,040	113,433	23,497	2,529	4,569	2,209,987
Expenditures:									
Instruction:									
Salaries of Teachers	175,926	83,166	5,430	337,426	15,050			3,650	620,648
Other Salaries for Instruction	21,533		9,134						30,667
General Supplies	23,968		1,143	65,390	6,373		2,529	919	100,322
Textbooks									16,814
Other Purchased Services				475,555					508,789
Other Objects				4,363					4,363
Total Instruction	221,427	83,166	15,707	882,734	21,423	-	2,529	4,569	1,281,603
Support Services:									
Other Salaries				287,866	10,825				298,691
Purchased Professional Services	3,211	17,858	4,000	343,570	78,926				546,170
Other Purchased Services		1,190		3,407					4,597
Supplies and Materials		8,354		2,492	227	23,497			34,570
Other Objects				313					313
Personal Services - Employee Benefits	569	5,784		35,658	2,032				44,043
Total Support Services	3,780	33,186	4,000	673,306	92,010	23,497	-	-	928,384
Total Expenditures	225,207	116,352	19,707	1,556,040	113,433	23,497	2,529	4,569	2,209,987

CAPITAL PROJECTS FUND – F

HOWELL TOWNSHIP SCHOOL DISTRICT**CAPITAL PROJECTS FUND**

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**IN FUND BALANCE - BUDGETARY BASIS****FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Fund Balance - Beginning	<u>\$ 41,537</u>
Fund Balance - Ending	<u><u>\$ 41,537</u></u>

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

HOWELL TOWNSHIP SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

Exhibit H-1

JUNE 30, 2013

	<u>Unemployment</u>	<u>Student Activity</u>	<u>Payroll Salary</u>	<u>Payroll Agency</u>	<u>Total</u>
Assets:					
Cash and Cash Equivalents	\$ 313,214	183,671	488,385	1,799,083	2,784,353
Total Assets	<u>\$ 313,214</u>	<u>183,671</u>	<u>488,385</u>	<u>1,799,083</u>	<u>2,784,353</u>
Liabilities:					
Payroll Deductions and Withholdings Due to Student Groups	\$ -	183,671	488,385	1,799,083	2,287,468
Total Liabilities	<u>\$ -</u>	<u>183,671</u>	<u>488,385</u>	<u>1,799,083</u>	<u>2,471,139</u>
Net Position:					
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 313,214</u>				<u>313,214</u>
Total Net Position	<u>\$ 313,214</u>				<u>313,214</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

71.

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

JUNE 30, 2013

Exhibit H-2

	Unemployment Compensation Trust	Total
Additions:		
Payroll Deductions and Withholdings	\$ 33,463	33,463
Total Additions	33,463	33,463
Deductions:		
Unemployment Claims	155,295	155,295
Total Deductions	155,295	155,295
Change in Net Position	(121,832)	(121,832)
Net Position, June 30, 2012	435,046	435,046
Net Position, June 30, 2013	\$ 313,214	313,214

HOWELL TOWNSHIP SCHOOL DISTRICT**Exhibit H-3****STUDENT ACTIVITY AGENCY FUND****SCHEDULE OF RECEIPTS AND DISBURSEMENTS****JUNE 30, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Total Schools	<u>\$ 169,877</u>	<u>293,330</u>	<u>279,536</u>	<u>183,671</u>

HOWELL TOWNSHIP SCHOOL DISTRICTPAYROLL AGENCY FUND

Exhibit H-4

SCHEDULE OF RECEIPTS AND DISBURSEMENTSJUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Assets:				
Cash and Cash Equivalents	\$ 510,019	38,616,895	37,327,831	1,799,083
Total Assets	<u>\$ 510,019</u>	<u>38,616,895</u>	<u>37,327,831</u>	<u>1,799,083</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 510,019	38,616,895	37,327,831	1,799,083
Total Liabilities	<u>\$ 510,019</u>	<u>38,616,895</u>	<u>37,327,831</u>	<u>1,799,083</u>

LONG-TERM DEBT – I

HOWELL TOWNSHIP SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-1
Sheet 1 of 2

SCHEDULE OF SERIAL BONDS

JUNE 30, 2013

	Date of Issue	Amount of Issue	Annual Date	Maturity Amount	Interest Rate	Balance June 30, 2012	Issued	Refunded	Retired	Balance June 30, 2013
School:										
Small Project	8/18/93	\$ 341,250	7/15/13	\$ 17,961	1.50%	\$ 35,919			17,960	17,959
Small Project	8/18/93	1,023,750	7/15/13	75,845	5.29%	148,451			72,606	75,845
Middle School (Refunding)	1/7/98	13,590,000				1,560,000			1,560,000	-
2012A Refunding Bonds (Refunding)	5/22/12	8,825,000	12/1/2013 12/1/2014 12/1/2015 12/1/2016 12/1/2017 12/1/2022	1,275,000 1,305,000 1,355,000 1,415,000 1,470,000 2,005,000	2.00% 4.00% 4.00% 4.00% 4.00% 5.00%	8,825,000			-	8,825,000
Construction of 3 Schools (Refunding)	9/17/10	18,600,000	7/15/13 7/15/14 7/15/15 7/15/16 7/15/17 7/15/18 7/15/19 7/15/20 7/15/21	1,745,000 1,800,000 1,855,000 1,920,000 1,990,000 2,045,000 2,120,000 2,215,000 2,305,000	3.00% 3.00% 3.00% 4.00% 3.00% 3.00% 4.25% 4.00% 4.00%	18,200,000	-		205,000	17,995,000
ERIP Refunding	2/19/03	3,630,000				170,000			170,000	-

HOWELL TOWNSHIP SCHOOL DISTRICT

LONG-TERM DEBT

SCHEDULE OF SERIAL BONDS

JUNE 30, 2013

Exhibit I-1
Sheet 2 of 2

Date of Issue	Amount of Issue	Annual Date	Maturity Amount	Interest Rate	Balance June 30, 2012	Issued	Refunded	Retired	Balance June 30, 2013
ERIP Refunding - 2012	\$ 2,375,000	12/29/11	\$ 2,375,000						
		10/1/13	\$ 225,000	1.760%	2,375,000			20,000	2,355,000
		10/1/14	230,000	1.940%					
		10/1/15	230,000	2.310%					
		10/1/16	240,000	2.660%					
		10/1/17	250,000	2.960%					
		10/1/18	260,000	3.310%					
		10/1/19	270,000	3.590%					
		10/1/20	280,000	3.890%					
		10/1/21	45,000	4.840%					
		10/1/22	45,000	4.840%					
		10/1/23	50,000	4.840%					
		10/1/24	55,000	4.840%					
		10/1/25	55,000	4.840%					
		10/1/26	60,000	4.840%					
		10/1/27	60,000	4.840%					
Pension Series 2005	19,080,000	7/15/13	1,235,000	4.800%	13,015,000		7,950,000	1,175,000	3,890,000
		7/15/14	1,295,000	4.950%					
		7/15/15	1,360,000	4.950%					
Pension Series 2005 - Refunding	9,110,000	3/21/2013				9,110,000			9,110,000
		7/15/13	275,000	0.350%					
		7/15/14	230,000	0.450%					
		7/15/15	230,000	0.600%					
		7/15/16	1,635,000	0.750%					
		7/15/17	1,650,000	1.150%					
		7/15/18	1,670,000	1.450%					
		7/15/19	1,695,000	1.700%					
		7/15/20	1,725,000	1.950%					
					\$ 44,329,370	9,110,000	7,950,000	3,220,566	42,268,804

HOWELL TOWNSHIP SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-1a

SCHEDULE OF INSTALLMENT OBLIGATIONS

	<u>Date of Agreement</u>	<u>Amount</u>	<u>Balance June 30, 2012</u>	<u>Paid</u>	<u>Balance June 30, 2013</u>
Underground Storage Tank	8/15/02	\$ 60,660	\$ 6,066	6,066	-

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit I-2

LONG-TERM DEBT

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2013

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2013</u>
2007 Equipment Lease	3.10%	640,120	\$ 138,222		138,222	-
Apple Equipment Lease	0.00%	1,227,483	306,871		306,871	-
2010 Equipment Lease	2.91%	1,550,000	956,494		309,746	646,748
Xerox Copiers	3.94%	279,234	279,234		161,029	118,205
Xerox Copiers	3.94%	397,224	397,224		149,233	247,991
Xerox Copiers	3.94%	332,839	-	332,839	186,171	146,668
			<u>\$ 2,078,045</u>	<u>332,839</u>	<u>1,251,272</u>	<u>1,159,612</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit I-3

LONG-TERM DEBT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive/(Negative) Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 6,818,991		6,818,991	6,818,991	
State Sources:					
Debt Service Aid Type II	1,097,112		1,097,112	1,097,112	
Total Revenues	<u>7,916,103</u>	<u>-</u>	<u>7,916,103</u>	<u>7,916,103</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	1,969,472	(56,400)	1,913,072	1,830,078	82,994
Redemption of Principal	5,946,632	56,400	6,003,032	5,946,868	56,164
Total Regular Debt Service	<u>7,916,104</u>	<u>-</u>	<u>7,916,104</u>	<u>7,776,946</u>	<u>139,158</u>
Total Expenditures	<u>7,916,104</u>	<u>-</u>	<u>7,916,104</u>	<u>7,776,946</u>	<u>139,158</u>
Excess (Deficiency) of Revenues Over (Under)	(1)	-	(1)	139,157	139,158
Expenditures					
Fund Balance July 1	<u>17,807</u>		<u>17,807</u>	<u>17,807</u>	
Fund Balance June 30	<u>\$ 17,806</u>	<u>-</u>	<u>17,806</u>	<u>156,964</u>	<u>139,158</u>

STATISTICAL SECTION

(Unaudited)

Howell Township Board of Education
Net Position by Component,
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Exhibit J-1
GASB B-1
New

	Fiscal Year Ending June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 24,809,286	\$ 11,702,769	\$ 17,718,711	\$ 16,185,105	\$ 20,630,083	\$ 24,362,772	\$ 32,536,669	\$ 35,360,865	\$ 41,803,697	\$ 42,696,860
Restricted	6,091,134	6,923,874	2,917,204	5,462,806	1,472,443	3,298,844	3,255,977	6,542,075	11,960,173	13,017,348
Unrestricted	(4,293,864)	(7,026,019)	(5,368,691)	(8,256,031)	(7,357,469)	(10,500,691)	(3,480,855)	(3,644,835)	(4,721,787)	(4,814,598)
Total governmental activities net position	\$ 26,606,556	\$ 11,600,624	\$ 15,267,224	\$ 13,391,880	\$ 14,745,057	\$ 17,160,925	\$ 32,311,791	\$ 38,258,105	\$ 49,044,083	\$ 50,899,610
Business-type activities										
Invested in capital assets, net of related debt	\$ 271,393	\$ 261,645	\$ 225,424	\$ 190,198	\$ 155,707	\$ 126,248	\$ 104,697	\$ 85,737	\$ 66,997	\$ 48,257
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	191,221	264,846	372,309	295,026	139,478	123,779	90,482	99,579	124,187	38,305
Total business-type activities net position	\$ 462,614	\$ 526,491	\$ 597,733	\$ 485,224	\$ 295,185	\$ 250,027	\$ 195,179	\$ 185,316	\$ 191,184	\$ 86,562
District-wide										
Invested in capital assets, net of related debt	\$ 25,080,679	\$ 11,964,414	\$ 17,944,135	\$ 16,375,303	\$ 20,785,790	\$ 24,489,020	\$ 32,641,366	\$ 35,446,602	\$ 41,872,694	\$ 42,745,117
Restricted	6,091,134	6,923,874	2,917,204	5,462,806	1,472,443	3,298,844	3,255,977	6,542,075	11,960,173	13,017,348
Unrestricted	(4,102,643)	(6,761,173)	(4,996,382)	(7,961,005)	(7,217,991)	(10,376,912)	(3,390,373)	(3,545,256)	(4,597,600)	(4,776,293)
Total district net position	\$ 27,069,170	\$ 12,127,115	\$ 15,864,957	\$ 13,877,104	\$ 15,040,242	\$ 17,410,952	\$ 32,506,970	\$ 38,443,421	\$ 49,235,267	\$ 50,966,172

Source: CAFR Schedule A-1

Exhibit J-2
GASB B-2
New

[illegible]

Howell Township Board of Education
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Exhibit J-2
GASB B-2
New

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities										
Total district-wide net expense	\$ (89,139,294)	\$ (109,595,544)	\$ (96,140,366)	\$ (106,734,911)	\$ (107,967,480)	\$ (107,877,386)	\$ (100,413,417)	\$ (101,924,157)	\$ (104,553,042)	\$ (110,690,989)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 47,105,877	\$ 50,981,106	\$ 51,820,898	\$ 58,528,618	\$ 59,922,847	\$ 62,108,664	\$ 63,777,301	\$ 64,464,148	\$ 64,464,148	\$ 63,460,383
Taxes levied for debt service	5,125,065	5,766,151	6,866,138	7,761,356	7,726,098	7,449,560	7,117,889	6,783,858	6,830,168	6,818,991
Unrestricted grants and contributions	35,545,011	37,474,330	38,339,231	41,823,009	42,802,763	41,265,362	43,278,554	38,574,243	41,077,646	44,862,910
Tuition	97,907	28,539	141,490	295,236	171,476	387,572	536,262	1,157,362	2,744	13,692
Investment earnings	151,553	220,205	283,125	339,056	187,787	60,218	23,832	8,618	412,566	659,246
Miscellaneous income	2,554,765	139,400	2,179,692	86,328	68,994	361,622	197,540	407,444	3,554,580	(3,859,460)
Other	99,159		(1,064,289)	4,446,105	521,545	1,239,444	2,023,855	7,464,854		
Transfers	-					-	-			
Total governmental activities	\$ 90,679,337	\$ 94,609,731	\$ 98,566,285	\$ 113,279,708	\$ 111,401,510	\$ 112,872,442	\$ 116,955,233	\$ 118,860,527	\$ 116,341,852	\$ 111,755,762
Business-type activities:										
Investment earnings	126	2,716	-	12,609	5,067	669	454	81	0	0
Miscellaneous income	6,802	41,042	-	12,609	5,067	669	454	81	0	0
Total business-type activities	\$ 90,686,265	\$ 94,653,489	\$ 98,566,285	\$ 113,292,317	\$ 111,406,577	\$ 112,873,111	\$ 116,955,687	\$ 118,860,608	\$ 116,341,852	\$ 111,755,762
Change in Net Position										
Governmental activities	\$ 1,432,696	\$ (15,005,932)	\$ 2,354,675	\$ 6,669,915	\$ 3,629,136	\$ 5,040,883	\$ 16,596,664	\$ 16,946,314	\$ 11,782,942	\$ 1,169,395
Business-type activities	\$ 114,275	\$ 63,877	\$ 71,242	\$ (112,509)	\$ (190,039)	\$ (45,158)	\$ (54,848)	\$ (9,863)	\$ 5,868	\$ (104,622)
Total district	\$ 1,546,971	\$ (14,942,055)	\$ 2,425,917	\$ 6,557,406	\$ 3,439,097	\$ 4,995,725	\$ 16,541,816	\$ 16,936,451	\$ 11,788,810	\$ 1,064,773

Source: CAFR Schedule A-2

Howell Township Board of Education
Fund Balances, Governmental Funds,
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

Exhibit J-3
GASB B-3
New

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 3,484,675	\$ 6,689,895	\$ 4,526,550	\$ 4,866,301	\$ 4,746,389	\$ 3,237,454	\$ 3,160,424	\$ 6,460,964	\$ 11,900,829	\$ 12,818,847
Unreserved	1,042,728	401,775	2,631,574	824,307	2,461,452	(900,057)	(730,305)	(984,164)	(4,721,787)	(4,814,598)
Total General fund	<u>\$ 4,527,403</u>	<u>\$ 7,091,670</u>	<u>\$ 7,158,124</u>	<u>\$ 5,690,608</u>	<u>\$ 7,207,841</u>	<u>\$ 2,337,397</u>	<u>\$ 2,430,119</u>	<u>\$ 5,476,800</u>	<u>\$ 7,179,042</u>	<u>\$ 8,004,249</u>
All Other Governmental Funds										
Reserved	\$ 2,362,539	\$ 269,099	\$ 367,193	\$ 596,570	\$ 305,392	\$	\$	\$ 39,573	\$	\$
Unreserved, reported in:										
Special revenue fund	(7,975)	(7,686)	(7,826)	(7,625)	(7,870)					
Capital projects fund							42,499	41,537	41,537	41,537
Debt service fund	243,920	(35,120)	7,559	7,559	61,390	61,390	53,054	1	17,807	156,964
Permanent fund										
Total all other governmental funds	<u>\$ 2,598,484</u>	<u>\$ 226,293</u>	<u>\$ 366,926</u>	<u>\$ 596,504</u>	<u>\$ 358,912</u>	<u>\$ 61,390</u>	<u>\$ 95,553</u>	<u>\$ 81,111</u>	<u>\$ 59,344</u>	<u>\$ 198,501</u>

Source: CAFR Schedule B-1

Howell Township Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years (Unaudited)

Exhibit J-4
GASB B-4
New

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax levy	\$ 52,230,942	\$ 56,747,257	\$ 58,687,036	\$ 66,289,974	\$ 67,648,945	\$ 69,558,224	\$ 70,895,190	\$ 71,248,006	\$ 71,294,316	\$ 70,279,374
Tuition charges	97,907	28,539	141,490	295,235	171,476	387,572	536,262	1,157,362	1,015,135	757,665
Interest earnings	151,553	220,205	283,125	339,056	187,787	60,218	23,832	8,618	2,744	13,692
Miscellaneous	2,580,298	139,400	2,291,820	99,290	72,013	363,228	198,986	408,944	414,066	666,344
State sources	36,611,140	38,072,977	38,815,776	42,326,139	43,248,009	41,536,811	38,426,263	38,669,286	41,181,886	44,719,660
Federal sources	2,013,717	1,618,446	2,214,534	1,939,325	2,168,732	1,306,302	8,146,080	2,700,556	3,871,054	2,155,869
Total revenue	\$ 93,685,557	\$ 96,826,824	\$ 102,433,781	\$ 111,289,019	\$ 113,496,962	\$ 113,212,355	\$ 118,226,613	\$ 114,192,772	\$ 117,779,201	\$ 118,592,604
Expenditures										
Instruction										
Regular instruction	\$ 25,852,667	\$ 25,857,176	\$ 24,725,729	\$ 24,976,233	\$ 25,962,242	\$ 26,777,938	\$ 24,411,380	\$ 26,151,439	\$ 27,466,657	\$ 28,010,491
Special education instruction	7,428,789	8,039,904	11,036,324	12,155,584	11,738,231	11,747,024	11,774,750	12,623,357	13,254,196	12,430,632
Other special instruction	1,354,628	1,524,599	1,546,550	2,079,102	2,316,377	2,399,469	2,513,602	2,266,616	2,240,016	2,253,280
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	357,435	479,943	374,090	445,292	286,406	290,634	295,933	81,375	404,801	448,068
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	2,006,909	1,961,944	1,349,826	190,382	1,498,748	975,677	510,142	621,320	774,964	1,409,349
Student & instruction related services	7,981,995	8,624,811	8,997,790	9,962,179	10,757,868	10,730,418	11,382,615	10,333,948	10,131,392	9,971,784
General administrative services	3,955,027	5,630,797	5,538,363	6,581,249	1,126,895	4,429,442	1,162,051	4,717,838	1,360,778	1,281,169
School Administrative services	2,096,985	2,623,962	1,798,540	1,105,534	4,303,469	1,063,135	5,007,781	1,176,254	3,933,627	4,464,055
Other Administrative services	7,647,279	7,801,546	8,735,101	8,664,787	8,865,965	8,857,930	9,006,679	8,501,202	8,201,768	7,781,764
Plant operations and maintenance	9,845,832	8,368,375	8,617,601	9,233,863	9,500,796	8,583,385	7,729,313	7,443,099	7,933,520	8,222,068
Pupil transportation	35,529	-	-	-	2,534,759	1,888,410	1,219,959	1,262,335	1,928,778	1,050,020
Business and Other Support Services	16,330,871	17,393,279	18,757,558	23,023,894	25,512,465	23,717,984	24,143,002	24,082,978	24,548,579	31,140,403
Unallocated employee benefits	-	-	-	-	-	-	4,813,894	-	-	-
ARRA-ESF	-	-	-	-	-	-	186,353	-	-	-
ARRA-GSF	6,722,231	5,885,980	897,672	8,818,071	3,768,240	3,927,669	7,303,220	3,422,597	1,232,006	1,498,365
Capital outlay	-	-	-	-	-	-	-	-	1,185,607	2,959
Education Jobs	-	-	-	-	-	-	-	-	-	-
Special Revenue	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	3,903,347	4,791,747	4,970,650	6,024,695	6,183,047	6,040,540	5,829,070	5,450,682	5,668,547	5,946,868
Interest and other charges	4,056,705	3,249,535	3,816,611	3,713,641	3,392,440	3,180,829	2,899,075	2,484,721	2,257,679	1,830,078
Total expenditures	\$ 100,576,229	\$ 102,223,598	\$ 101,162,405	\$ 116,974,506	\$ 117,747,948	\$ 114,610,484	\$ 120,188,819	\$ 110,619,761	\$ 112,522,915	\$ 117,741,353
Excess (Deficiency) of revenues over (under) expenditures	\$ (6,890,672)	\$ (5,396,774)	\$ 1,271,376	\$ (5,685,487)	\$ (4,250,986)	\$ (1,398,129)	\$ (1,962,206)	\$ 3,573,011	\$ 5,256,286	\$ 851,251
Other Financing sources (uses)										
Capital leases (non-budgeted)	\$ 5,157,800	\$ 2,170,000	\$ -	\$ 6,200,000	\$ 640,120	\$ 1,389,444	\$ -	\$ -	\$ -	\$ -
Capital Projects	13,050	-	-	-	-	-	1,093,717	-	-	-
Sale/Leaseback Proceeds	86,109	285,943	(1,162,383)	(1,982,030)	(118,575)	-	1,550,261	130	-	-
Leaseback Expenditures	-	19,080,000	-	-	-	-	(1,142,106)	(602,247)	-	-
Proceeds of refunding debt	-	-	-	-	-	-	-	-	-	-
Current/Anticipated Additional Surplus	-	-	-	-	-	-	432,868	-	-	-
Par amount of bonds	-	-	-	-	-	(150,000)	-	-	-	-
Accounts Receivable Cancelled	-	-	-	-	-	-	-	(1,416)	(800)	(45)
Accounts Payable Cancelled	-	-	-	-	-	-	-	88,424	-	-
Payroll Account	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-
Adjust to Assets	-	(15,947,093)	-	-	-	-	89,115	-	80,380	26,886
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 5,256,959	\$ 5,588,850	\$ (1,162,383)	\$ 4,217,970	\$ 521,545	\$ 1,239,444	\$ 2,023,855	\$ (515,109)	\$ 79,580	\$ 26,841
Net change in fund balances	\$ (1,633,713)	\$ 192,076	\$ 108,993	\$ (1,467,517)	\$ (3,729,441)	\$ (158,685)	\$ 61,649	\$ 3,057,902	\$ 5,335,866	\$ 878,093
Debt service as a percentage of noncapital expenditures	8.5%	8.3%	8.8%	9.0%	8.4%	8.3%	7.7%	7.4%	7.1%	6.4%

HOWELL TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Misc.	Total
2004	\$ 151,553	97,907	-	2,580,298	2,829,758
2005	220,205	28,539	-	139,400	388,144
2006	283,125	141,490	-	2,291,820	2,716,435
2007	339,056	295,235	-	86,127	720,418
2008	179,086	183,909	-	68,494	431,488
2009	60,218	387,572	-	363,228	811,018
2010	23,832	536,262	-	197,086	757,180
2011	8,618	1,157,362	-	407,444	1,573,424
2012	2,744	1,015,135	-	438,300	1,456,179
2013	13,692	757,665	-	666,344	1,439,714

Source: District Records - Audit B2

Howell Township Board of Education
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years (Unaudited)

Exhibit J-6
GASB C-11
NJ J-4

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qual Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2004	117,997,150	2,324,256,240	51,243,300	2,666,300	259,498,000	57,078,250	0	2,812,739,240	0	6,303,982	2,819,043,222	1.933	4,340,461,555
2005	120,597,750	2,375,496,640	43,161,300	2,551,300	296,105,200	57,612,450	0	2,895,524,640	0	5,407,198	2,900,931,838	1.990	5,046,054,306
2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A
2007	249,995,100	5,667,270,700	108,077,700	2,510,100	703,025,300	115,926,300	0	6,846,805,200	0	8,875,863	6,855,681,063	0.977	6,721,434,951
2008	264,011,700	5,707,045,800	107,499,400	2,543,100	667,961,100	111,543,900	0	6,860,605,000	0	9,626,317	6,870,231,317	0.999	7,080,369,254
2009	253,365,700	5,735,865,900	104,001,400	2,426,100	662,057,600	109,299,300	0	6,867,016,000	0	10,565,151	6,877,581,151	1.021	7,091,186,316
2010	237,133,360	5,747,380,000	107,553,000	2,707,600	662,086,020	134,095,700	0	6,890,955,680					
2011	No Data Available												
2012	147,940,600	4,554,735,400	85,598,100	2,640,500	595,545,700	103,344,900		5,489,805,200		11,032,948	5,500,838,148	1.287	6,542,377,983
2013	155,567,400	4,579,709,000	89,858,000	2,768,800	594,385,000	101,856,600		5,524,143,800	0	8,867,486	6,247,177,756	1.277	6,247,177,756

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
Monmouth County Abstract of Ratables
Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

**Howell Township Board of Education
Direct and Overlapping Property Tax Rates
Last Nine Fiscal Years Unaudited)**

(rate per \$100 of assessed value)

**Exhibit J-7
GASB C-2
NJ J-5**

Fiscal Year Ended June 30,	Howell Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation Debt		Total Direct	Freehold Regional School District	Howell Township	Monmouth County	
	Basic Rate ^a	Service ^b					
2004	N/A	N/A	N/A	0.790	0.453	0.635	N/A
2005	N/A	N/A	N/A	0.817	0.533	0.626	N/A
2006	N/A	N/A	N/A			0.000	N/A
2007	0.865	0.113	0.978	0.353	0.266	0.267	2.875
2008	0.888	0.111	0.999	0.371	0.266	0.232	2.897
2009	0.915	0.106	1.021	0.353	0.266	0.268	2.962
2010	0.928	0.101	1.029	0.385	0.326	0.277	3.080
2011			1.037	0.380	0.354	0.265	2.070
2012*	1.1653	0.1217	1.287	0.478	0.453	0.329	3.872

Source: District Records and Municipal Tax Collector
2012* Re-evaluation year

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calcu

- a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- b** Rates for debt service are based on each year's requirements.

Howell Township Board of Education
Principal Property Tax Payers,
Current Year and Ten Years Ago
(Unaudited)

Exhibit J-8
GASB C-3
NJ J-11

Taxpayer	2013				2003		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Buffalo-Parkton & Feurestein	\$ 45,138,000	1	23.10%				
Centrix Homes LLC	\$ 26,323,300	2	13.47%				
Howell Friendship Real Estate	\$ 22,105,600	3	11.31%				
Home Depot, USA, Inc.	\$ 17,466,500	4	8.94%				
Lowes Home Centers	\$ 16,171,000	5	8.28%				
DS & DJ Realty LLC	\$ 15,305,700	6	7.83%				
Target Corp	\$ 13,800,000	7	7.06%				
Brocjin, Leon & Mur	\$ 13,500,000	8	6.91%				
Fairfield Park LLC	\$ 13,150,200	9	6.73%				
Eagle Gold Enterprise	\$ 12,437,600	10	6.37%				
Total	\$ 195,397,900		100.00%		\$ -		

2003 data not available
Source: District CAFR & Municipal Tax Assessor

Howell Township Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years (Unaudited)

Exhibit J-9
GASB C-4
Expanded J-3

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 97,990,979	96,268,659	98.24%	-
2004	109,252,648	106,068,245	97.09%	-
2005	115,268,414	112,415,070	97.52%	-
2006	115,268,414	112,415,070	97.52%	-
2007	125,813,658	122,649,197	97.48%	
2008	134,889,611	132,083,633	97.92%	
2009	137,155,943	135,312,221	98.66%	
2010	139,827,182	135,767,912	97.10%	
2011	146,277,469	143,240,560	97.92%	
2012	149,003,741	145,508,487	97.65%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, it is the amount voted upon or certified prior to the end of the school year.

Howell Township Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Exhibit J-10

GASB D-1 New

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2003	\$ 75,887,255	-	\$2,686,295	-	-	\$ 78,573,550	0.06%	43,634
2004	72,040,799	-	7,078,107	-	-	79,118,906	0.06%	46,545
2005	86,402,356	-	7,846,580	-	-	94,248,936	0.05%	48,072
2006	81,622,102	-	6,153,428	-	-	87,775,530	0.06%	52,499
2007	75,616,585	-	10,306,406	-	-	85,922,991	0.06%	55,826
2008	69,452,720	-	8,840,202	-	-	78,292,922	0.07%	57,353
2009	63,431,359	-	7,896,514	-	-	71,327,873	0.08%	54,771
2010	57,621,468	-	5,736,664	-	-	63,358,132	0.09%	55,764
2011	53,466,852	-	2,462,107	-	-	55,928,959	0.10%	56,955
2012	44,335,437	-	2,078,043	-	-	46,413,480	0.13%	58,355

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding
- c** Per Capita Income data not available for 2010 and 2011

Howell Township Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit J-11
GASB D-2
NJ J-6 modified

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	\$ 75,887,255	-	\$ 75,887,255	2.81%	1,522
2004	82,776,978	-	82,776,978	3.00%	1,651
2005	86,402,356	-	86,402,356	2.98%	1,724
2006	81,622,101	-	81,622,101	2.65%	-
2007	75,616,585	-	75,616,585	1.10%	1,507
2008	69,452,720	-	69,452,720	1.01%	1,352
2009	63,431,359	-	63,431,359	0.93%	1,235
2010	57,639,666	-	57,639,666	0.84%	1,122
2011	53,466,852	-	53,466,852	0.78%	1,041
2012	44,329,371	-	44,329,371	0.80%	867

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-13.

Source: General Obligation Bonds, Debt Balance less EDA commitments

Howell Township Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2013

Exhibit J-12
GASB D-3
NJ J-8 modified

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Howell Township	\$ 44,329,371	100.000%	\$ 44,329,371
Other debt			
Freehold Regional High School	35,035,000	21.643%	7,582,625
Monmouth County	470,129,103	5.569%	26,181,490
Subtotal, overlapping debt			78,093,486
Howell Township School District Direct Debt			44,329,371
Total direct and overlapping debt			<u>\$ 122,422,857</u>

Sources: Howell Township Finance Officer, Monmouth County Finance Office,
Howell Township Website

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Howell. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis	
2012	6,478,672,457
2011	6,730,542,552
2010	6,994,048,573
[A]	\$ 20,203,263,582

Average equalized valuation of taxable property	
[A/3]	\$ 6,734,421,194
[B]	194,360,174 ^a
[C]	37,388,311
[B-C]	\$ 156,971,863

Debt limit (3 % of average
Net bonded school debt
Legal debt margin

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 127,586,779	\$ 134,644,586	\$ 169,657,616	\$ 165,538,500	\$ 183,886,637	\$ 196,597,794	\$ 211,663,211	\$ 211,656,041	\$ 194,360,174	\$ 194,360,174
Total net debt applicable to limit	75,887,255	82,776,978	86,402,356	81,622,102	75,692,322	75,692,322	75,692,322	64,576,880	37,388,311	44,329,371
Legal debt margin	<u>\$ 51,699,524</u>	<u>\$ 51,867,608</u>	<u>\$ 83,255,260</u>	<u>\$ 83,916,398</u>	<u>\$ 108,194,315</u>	<u>\$ 120,905,472</u>	<u>\$ 135,970,889</u>	<u>\$ 147,079,161</u>	<u>\$ 156,971,863</u>	<u>\$ 150,030,803</u>
Total net debt applicable to the limit as a percentage of debt limit	59.48%	61.48%	50.93%	49.31%	41.16%	38.50%	35.76%	30.51%	19.24%	22.81%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

Howell Township Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years

Exhibit J-14
GASB E-1
NJ J-10 modified

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^b	Unemployment Rate ^d
2003	50,450	2,201,335,300	43,634	5.4%
2004	50,807	2,364,811,815	46,545	3.9%
2005	51,017	2,452,489,224	48,072	3.3%
2006	51,135	2,684,536,365	52,499	3.7%
2007	51,274	2,862,422,324	55,826	4.3%
2008	51,297	2,942,036,841	57,353	3.5%
2009	51,551	2,823,499,821	54,771	9.2%
2010	51,119	2,850,599,916	55,764	9.2%
2011	51,127	2,911,938,285	56,955	9.1%
2012	51,109	2,982,465,695	58,355	8.9%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income based on 3% increment

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15
GASB E-2
NEW

Source:

Howell Township Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years (Unaudited)

Exhibit J-16
GASB F-1
New

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction										
Regular	435	432	432	431	429	390	376	343	352	357
Special education	280	289	289	287	285	288	282	299	299	297
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	95	101	101	99	98	84	83	87	91	92
General administrative services	17	17	17	17	16	15	15	6	6	6
School administrative services	65	65	66	63	63	56	50	51	52	52
Business administrative services	16	16	16	15	15	15	14	16	16	16
Plant operations and maintenance	182	178	178	165	161	100	104	74	74	74
Pupil transportation	75	75	75	74	72	64	64	65	65	63
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	1,165	1,173	1,174	1,151	1,139	1,012	988	941	955	957

Source: District Personnel Records

Howell Township Board of Education
Operating Statistics
Last Ten Fiscal Years (Unaudited)

Exhibit J-17
GASB F-6
NJ J-12, 14

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff	Per Pupil Ratio	Average Daily Enrollment (ADE) ^b	Average Daily Attendance (ADA) ^b	% Change in Average Daily Enrollment	Student Attendance Percentage
2003	7,424	77,062,946	10,380	5.77%	527	1:14	7,442	7,085	-0.77%	94.9%
2004	7,416	85,946,907	11,589	11.65%	537	1:13	7,356	7,001	-1.16%	95.2%
2005	7,334	88,296,336	12,039	3.88%	568	1:13	7,279	6,932	-1.05%	95.2%
2006	7,259	91,477,472	12,602	4.67%	568	1:13	7,269	6,938	-0.14%	95.4%
2007	7,289	98,418,097	13,502	7.14%	543	1:13	7,283	6,944	0.19%	95.3%
2008	7,090	104,244,723	14,703	8.89%	542	1:13	7,069	6,745	-2.94%	95.4%
2009	6,920	101,461,446	14,662	-0.28%	540	1:13	6,903	6,575	-2.35%	95.2%
2010	6,783	104,157,454	15,356	4.73%	656	2:13	6,697	6,456	-2.98%	96.4%
2011	6,773	99,678,440	14,717	-4.16%	641	2:13	6,821	6,438	1.85%	94.4%
2012	6,541	104,653,420	16,000	8.71%	654	1:10	6,934	6,466	1.66%	93.3%

Sources: District records, ASSA and Schedules J-12, J-1

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay and projects; B2
- b Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Howell Township Board of Education
School Building Information
Last Ten Fiscal Years

		Exhibit J-18 GASB F-4 New									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Elementary											
Adelphi Elementary School											
Square Feet	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000
Capacity (students)	537	537	537	537	537	537	537	537	537	537	537
Enrollment	-	-	482	476	456	426	391	400	377	377	377
Aldrich Elementary School (1968)											
Square Feet	70,400	70,400	70,400	70,400	70,400	70,400	70,400	70,400	70,400	70,400	70,400
Capacity (students)	434	434	434	434	434	434	434	434	434	434	434
Enrollment a	-	-	388	397	392	389	562	558	565	565	565
Ardena Elementary School (1938)											
Square Feet	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600
Capacity (students)	700	700	417	417	417	417	417	417	417	417	417
Enrollment	417	417	347	340	336	324	437	440	435	435	435
Greenville Elementary School											
Square Feet	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000
Capacity (students)	530	530	530	530	530	530	530	530	530	530	530
Enrollment	-	-	555	570	583	560	512	507	463	463	463
Griebling Elementary School (1960)											
Square Feet	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187
Capacity (students)	550	550	550	550	550	550	550	550	550	550	550
Enrollment	-	-	493	505	563	568	517	510	501	501	501
Land O'Pines Elementary School (1960)											
Square Feet	92,983	92,983	92,983	92,983	92,983	92,983	92,983	92,983	92,983	92,983	92,983
Capacity (students)	550	550	550	550	550	550	550	550	550	550	550
Enrollment	-	-	573	561	553	541	513	542	521	521	521
Newbury Elementary School (1964)											
Square Feet	79,850	79,850	79,850	79,850	79,850	79,850	79,850	79,850	79,850	79,850	79,850
Capacity (students)	477	477	477	477	477	477	477	477	477	477	477
Enrollment	-	-	488	459	426	369	405	424	412	412	412
Ramtown Elementary School (1964)											
Square Feet	99,899	99,899	99,899	99,899	99,899	99,899	99,899	99,899	99,899	99,899	99,899
Capacity (students)	705	705	705	705	705	705	705	705	705	705	705
Enrollment	-	-	581	557	542	513	484	494	459	459	459
Southard Elementary School (1954)											
Square Feet	73,940	73,940	73,940	73,940	73,940	73,940	73,940	73,940	73,940	73,940	73,940
Capacity (students)	392	392	392	392	392	392	392	392	392	392	392
Enrollment	-	-	364	352	329	325	-	-	-	-	-
Taunton Elementary School (1968)											
Square Feet	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187
Capacity (students)	392	392	392	392	392	392	392	392	392	392	392
Enrollment	-	-	477	452	450	429	497	496	462	462	462
Middle School											
Howell Middle School North (1994)											
Square Feet	161,000	161,000	161,000	161,000	161,000	161,000	161,000	161,000	161,000	161,000	161,000
Capacity (students)	900	900	900	900	900	900	900	900	900	900	900
Enrollment	-	-	956	967	902	859	849	850	826	826	826
Howell Middle School South											
Square Feet	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000
Capacity (students)	980	980	980	980	980	980	980	980	980	980	980
Enrollment	-	-	1,037	1,071	1,012	1,034	878	885	832	832	832
Memorial Middle School											
Square Feet	-	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Capacity (students)	-	577	577	577	577	577	577	577	577	577	577
Enrollment	-	-	569	600	556	559	653	651	666	666	666
Other											
Administration Building											
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Transportation											
Square Feet	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060
Maintenance Offices											
Square Feet	900	900	900	900	900	900	900	900	900	900	900

Number of Schools at June 30, 2013

Elementary = 9

Middle School = 3

Source: District records, ASSA

HOWELL TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST SEVEN FISCAL YEARS
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	Project # (s)	2013	2012	2011	2010	2009	2008	2007
Adelphia School	N/A	\$ 102,392	\$ 105,789	\$ 105,286	\$ 99,133	\$ 106,810	\$ 109,139	\$ 34,326
Aldrich School	N/A	92,285	95,347	94,893	89,348	96,267	98,366	34,326
Ardena School	N/A	89,966	92,950	92,508	87,102	93,847	95,894	18,906
Greenville School	N/A	102,392	105,789	105,286	99,133	106,810	109,139	19,106
Griebling School	N/A	116,972	120,853	120,278	113,249	122,019	124,680	18,906
Land O'Pines School	N/A	121,942	125,988	125,389	118,061	127,204	129,978	18,906
Newbury School	N/A	104,711	108,185	107,671	101,379	109,229	111,612	18,906
Ramtown School	N/A	131,055	135,403	134,759	126,884	136,710	139,691	18,906
Southard School	N/A	96,924	100,140	99,664	93,839	101,106	103,311	18,906
Taunton School	N/A	116,972	120,853	120,278	113,249	122,019	124,680	18,906
Howell Middle School North	N/A	211,245	218,254	217,215	204,522	220,360	225,166	44,341
Howell Middle School South	N/A	212,571	219,623	218,578	205,805	221,742	226,578	52,659
Howell Memorial Middle School	N/A	157,399	162,620	161,847	152,389	164,190	167,770	44,656
Total School Facilities		\$ 1,656,827	\$ 1,711,792	\$ 1,703,650	\$ 1,604,092	\$ 1,728,312	\$ 1,766,005	\$ 361,756
Other Facilities		-	-	-	-	-	-	-
Grand Total		\$ 1,656,827	\$ 1,711,792	\$ 1,703,650	\$ 1,604,092	\$ 1,728,312	\$ 1,766,005	\$ 361,756

Source: Actual Expenditures and Encumbrances at end of year for Total Times the school square footage %.

HOWELL TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

J-20

99.

Company	Type of Coverage	Coverage	Deductible
Utica National	Property Blanket Building & Contents- Replacement Cost Values	\$ 208,335,761	\$ 1,000
	-Additional Valuable Papers	\$ 100,000	\$ 2,500
Utica National	Umbrella Excess Liability		
	-Each Occurrence	\$ 20,000,000	\$ -
	Aggregate Limit of Liability	\$ 20,000,000	
	General Liability Each Occurrence	\$ 1,000,000	\$ -
	Aggregate Limit of Liability	\$ 3,000,000	
Utica National	Automotive Coverage		
	-Combined Single Limit	\$ 1,000,000	\$ -
	-Hired/Non-Owned	\$ 1,000,000	\$ -
	-Uninsured & Underinsured	\$ 1,000,000	\$ -
Chubb Insurance Group	Inland Marine		
	-Electronic Data Processing Equipment	\$ 4,000,000	\$ 1,000
Utica National	Crime Coverage		
	-Blanket Employee coverage	\$ 350,000	\$ 500
	-Money & Securities On Premises	\$ 25,000	\$ 500
	Money & Securities Off Premises	\$ 25,000	\$ 500
	Forgery or Alteration	\$ 100,000	\$ 500
Utica National	Boiler & Machinery Coverage	Included	-
Utica National	Board of Education		
	-Educators Legal Liability		
	Each Loss	\$ 1,000,000	\$ 5,000
	Aggregate	\$ 2,000,000	\$ -
Utica National	Fidelity Bonds		
	-Treasurer of School Monies	\$ 500,000	
	-Business Administrator/Board Secretary	\$ 50,000	
Brown & Brown	Workers' Compensation		
	-Professional - 56,319,396		
	-Non-Professional - 6,961,000		

Source: District Records

SINGLE AUDIT SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:
 (732) 280-8888

e-mail:
 rah@monmouth.com

2807 Hurley Pond Road • Suite 100
 P.O. Box 1409
 Wall, New Jersey 07719-1409
 (732) 681-4990

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable President and Members
 of the Board of Education
 Howell Township School District
 County of Monmouth
 Howell Township, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Howell Township Board of Education, County of Monmouth, State of New Jersey as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Howell Township Board of Education, County of Monmouth, State of New Jersey's basic financial statements, and have issued our report thereon dated October 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Howell Township Board of Education, County of Monmouth, State of New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Howell Township Board of Education, County of Monmouth, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Howell Township Board of Education, County of Monmouth, State of New Jersey's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Howell Township Board of Education, County of Monmouth, State of New Jersey's financial statements are free from material misstatement, we performed tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey

October 16, 2013

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

Telecopier:
 (732) 280-8888
 e-mail:
 rah@monmouth.com

2807 Hurley Pond Road • Suite 100
 P.O. Box 1409
 Wall, New Jersey 07719-1409
 (732) 681-4990

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable President and Members
 of the Board of Education
 Howell Township School District
 County of Monmouth
 Howell, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's major federal and state programs for the year ended June 30, 2013. The Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Howell Township School District, County of Monmouth, State of New Jersey's internal control over compliance.

A *deficiency in internal control* over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or, significant deficiencies. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company
Wall Township, New Jersey

October 16, 2013

HOWELL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Award Amount	Grant Period	Balance June 30, 2012	(Walkover) Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	Balance at June 30, 2013	
										(Accounts Receivable)	Due to Grantor
U.S. Department of Education:											
Passed-through Department of Education											
Special Revenue Fund											
Title I	84.010	\$ 243,281	9-1-12 to 8-31-13	\$ -		178,164	(197,661)			(19,497)	
Title I	84.010	295,037	9-1-11 to 8-31-12	(155,766)		89,262	(27,546)			(94,050)	
Title IIA	84.367A	149,962	9-1-12 to 8-31-13			96,668	(113,836)			(17,168)	
Title IIA	84.367A	172,571	9-1-11 to 8-31-12	(94,885)		22,205	(2,516)			(75,196)	
Title IID	84.318	665	9-1-10 to 8-31-11	(268)						(268)	
Title III	84.365	24,809	9-1-12 to 8-31-13			12,957	(14,277)			(1,320)	
Title III	84.365	25,501	9-1-11 to 8-31-12	(16,809)		12,420	(5,430)			(9,819)	
Title IV	84.186	13,532	9-1-09 to 8-31-10	(5,521)						(5,521)	
Special Education Cluster:											
IDEA Basic	84.027	1,615,870	9-1-12 to 8-31-13			697,695	(1,113,939)			(416,244)	
IDEA Basic	84.027	1,615,827	9-1-11 to 8-31-12	(685,673)		998,907	(442,101)			(128,867)	
IDEA Preschool	84.173	85,082	9-1-12 to 8-31-13			28,256	(71,797)			(43,541)	
IDEA Preschool	84.173	85,705	9-1-11 to 8-31-12	(16,774)		50,874	(41,636)			(7,536)	
IDEA Preschool	84.173	86,104	9-1-10 to 8-31-11	(49,005)		49,005					
Race to the Top Phase 3		23,497				23,397	(23,497)				
Total Special Revenue Fund	84.413A		9-1-12 to 8-31-13	(1,024,701)	-	2,259,810	(2,054,236)	-	-	(819,027)	-
U.S. Department of Education:											
General Fund											
Education Jobs Fund	84.410A	1,185,607	7-1-12 to 6-30-13			2,959	(2,959)				
Medical Assistance Program	93.778	88,944	7-1-12 to 6-30-13			88,944	(88,944)				
Total General Fund				-	-	91,903	(91,903)	-	-	-	-
U.S. Department of Agriculture -											
Passed Through State Department											
of Education:											
Child Nutrition Cluster:											
Food Distribution Program	10.550	73,478	7-1-12 to 6-30-13			73,478	(73,478)				
National School Lunch Program	10.555	411,227	7-1-12 to 6-30-13			377,248	(411,227)			(33,979)	
National School Lunch Program	10.555	423,732	7-1-11 to 6-30-12	(30,364)		30,364					
National School Breakfast Program	10.553	15,919	7-1-12 to 6-30-13			14,622	(15,919)			(1,297)	
National School Breakfast Program	10.553	18,894	7-1-11 to 6-30-12	(287)		287				(279)	
Special Milk Program	10.556	4,127	7-1-12 to 6-30-13			3,848	(4,127)				
Special Milk Program	10.556	3,489	7-1-11 to 6-30-12	(174)		174					
Total Enterprise Fund				(30,825)	-	500,021	(504,751)	-	-	(35,555)	-
Total Federal Financial Awards				\$ (1,055,526)	-	2,851,734	(2,650,890)	-	-	(854,582)	-

See accompanying notes to Schedules of Federal Awards and State Financial Assistance.

HOWELL TOWNSHIP SCHOOL DISTRICT

Schedule B
K-4

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program State Department of Education	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2012		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	(Repayment) of Prior Years Balances	Balance at June 30, 2013		Total Cumulative Expenditures
				Deferred Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue	
General Fund												
Equalization Aid	13-495-034-5120-078	\$ 28,107,297	7-1-12 6-30-13	\$			28,107,297	(28,107,297)				28,107,297
Special Education Aid	13-495-034-5120-089	3,752,507	7-1-12 6-30-13				3,752,507	(3,752,507)				3,752,507
Transportation Aid	13-495-034-5120-014	609,814	7-1-12 6-30-13				609,814	(609,814)				609,814
Security Aid	13-495-034-5120-084	507,962	7-1-12 6-30-13				507,962	(507,962)				507,962
Extraordinary Aid	12-495-034-5120-044	488,595	7-1-11 6-30-12	(488,595)			488,595					
Extraordinary Aid	13-495-034-5120-044	514,831	7-1-12 6-30-13					(514,831)		(514,831)		514,831
Non-Public Transportation	13-495-034-5120-014	21,857	7-1-12 6-30-13				31,158	(21,857)		(21,857)		21,857
Non-Public Transportation	12-495-034-5120-014	31,158	7-1-11 6-30-12	(31,158)			3,207,583	(3,498,274)		(290,691)		3,498,274
Reimbursed TPAF Social Security	13-100-034-5095-002	3,498,274	7-1-12 6-30-13	(519,753)	-	-	36,704,916	(37,012,542)	-	(827,379)	-	37,012,542
Total General Fund												
Special Revenue Fund												
Textbook Aid	13-100-034-5120-064	19,498	7-1-12 6-30-13				19,498	(16,814)	(2,559)		2,684	16,814
Textbook Aid	12-100-034-5120-064	22,681	7-1-11 6-30-12	2,559								
Auxiliary Services												
Compensatory Education	13-100-034-5120-067	48,074	7-1-12 6-30-13				48,074	(48,074)				48,074
Compensatory Education	12-100-034-5120-067	60,864	7-1-11 6-30-12	16,907			853		(16,907)		853	
English as a Second Language	13-100-034-5120-067	853	7-1-12 6-30-13				11,760	(11,760)				11,760
Transportation	13-100-034-5120-067	11,760	7-1-12 6-30-13									
Handicapped Services												
Supplementary Instruction	13-100-034-5120-066	15,264	7-1-12 6-30-13				15,264	(13,183)			2,081	13,183
Supplementary Instruction	12-100-034-5120-066	16,135	7-1-11 6-30-12	702					(702)			
Examination and Classification - Initial	13-100-034-5120-066	16,710	7-1-12 6-30-13				16,710	(11,140)			5,570	11,140
Examination and Classification - Annual	13-100-034-5120-066	5,746	7-1-12 6-30-13				5,746	(3,511)			2,235	3,511
Examination and Classification - Initial	12-100-034-5120-066	21,400	7-1-11 6-30-12	7,884					(7,884)			
Examination and Classification - Annual	12-100-034-5120-066	10,327	7-1-11 6-30-12	5,486					(5,486)			
Examination and Classification - Annual	13-100-034-5120-066	24,217	7-1-12 6-30-13				24,217	(10,937)			13,280	10,937
Corrective Speech	12-100-034-5120-066	28,435	7-1-11 6-30-12	12,638					(12,638)			
Technology Initiative	13-100-034-5120-373	7,197	7-1-12 6-30-13				7,197	(7,066)			131	7,066
Nursing Services	13-100-034-5120-070	27,062	7-1-12 6-30-13				27,062	(26,168)			894	26,168
Nursing Services	12-100-034-5120-070	32,396	7-1-11 6-30-12	2,524					(2,524)			
Total Special Revenue Fund				48,700	-	-	176,381	(148,653)	(48,700)	-	27,728	148,653
Debt Service Aid Type II	12-495-034-5120-017	1,097,112	7-1-12 6-30-13				1,097,112	(1,097,112)				1,097,112
Enterprise Fund												
National School Lunch Program	11-100-010-3350-023	17,679	7-1-12 6-30-13				16,224	(17,679)		(1,455)		17,679
National School Lunch Program	10-100-010-3350-023	20,768	7-1-11 6-30-12	(1,482)			1,482					
Total Enterprise Fund				(1,482)	-	-	17,706	(17,679)	-	(1,455)	-	17,679
Total State Financial Assistance				\$ (472,535)	-	-	37,996,115	(38,275,986)	(48,700)	(828,834)	-	38,275,986

See accompanying Notes to Schedules of Federal Awards and State Financial Assistance.

BOARD OF EDUCATION**K-5****HOWELL TOWNSHIP SCHOOL DISTRICT****NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2013****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Howell Township School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed other government agencies is included on the schedule of federal awards and state financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

The general-purpose financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(121,674) for the general fund and \$9,730 for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented below:

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>					
Actual Amounts (Budgetary)					
"Revenues" from the Schedule					
of Expenditures of State					
Financial Assistance	\$ 37,012,542	148,653	1,097,112	17,679	38,275,986
Difference – Budget to "GAAP"					
Grant Accounting Budgetary					
Basis Differs from GAAP					
in that Encumbrances are					
Recognized as Expenditures					
and the Related Revenue					
is Recognized					
On Behalf Payments					
Recognized for GAAP					
Statements but Not					
Included in the Schedule					
of Expenditures of State					
Financial Assistance	6,583,027				6,583,027
The Last State Aid Payment					
Is Recognized as Revenue					
for Budgetary Purposes,					
and Differs from GAAP					
Which does not Recognize					
This Revenue Until the					
Subsequent Year When the					
State Recognizes the Related					
Expense (GASB 33)	<u>(121,674)</u>	<u> </u>	<u> </u>	<u> </u>	<u>(121,674)</u>
Total State Revenue as Reported					
on the Statement of Revenues,					
Expenditures and Changes					
Fund Balances	<u>\$ 39,908,928</u>	<u>148,653</u>	<u>1,097,112</u>	<u>17,679</u>	<u>41,172,372</u>

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>					
Actual Amounts (Budgetary)					
“Revenues” from the Schedule					
of Expenditures of Federal					
Awards	\$ 91,903	2,054,236		504,751	2,650,890
Difference – Budget to “GAAP”					
Grant Accounting Budgetary					
Basis Differs from GAAP in that					
Encumbrances are Recognized as					
Expenditures, and the Related					
Revenue is Recognized	_____	<u>9,730</u>	_____	_____	<u>9,730</u>
Total Federal Revenue as					
Reported on the Statement					
of Revenue, Expenditures,					
and Changes in Fund					
Balances	<u>\$ 91,903</u>	<u>2,063,966</u>	_____	<u>504,751</u>	<u>2,660,620</u>

NOTE 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2013. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part 1 - Summary of Auditor's Results

Financial Statement Section

Unmodified

(A) Type of auditor's report issued:

(B) Internal control over financial reporting:

1) Material weakness(es) identified? Yes x No

2) Were reportable conditions(s) identified that were not considered to be material weaknesses? Yes x No

(C) Noncompliance material to general purpose financial statements noted? Yes x No

Federal Awards Section

(D) Dollar threshold used to determine Typed A programs: \$300,000

(E) Auditee qualified as low-risk auditee? x Yes No

(F) Type of auditor's report on compliance for major programs: Unmodified

(G) Internal control over compliance:

1) Material weakness(es) identified? Yes x No

2) Were reportable condition(s) identified that were not considered to material weaknesses? Yes x No

(H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? Yes x No

(I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>I.D.E.A. Part B (Special Education Cluster)</u>
<u>84.173</u>	<u>IDEA-Preschool (Special Education Cluster)</u>
<u>10.550</u>	<u>Food Distribution (Child Nutrition Cluster)</u>
<u>10.553</u>	<u>School Breakfast Program (Child Nutrition Cluster)</u>
<u>10.555</u>	<u>National School Lunch Program (Child Nutrition Cluster)</u>
<u>10.556</u>	<u>Special Milk Program (Child Nutrition Cluster)</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part 1 - Summary of Auditor's Results (Continued)

State Awards Section

(J) Dollar threshold used to determine Type A programs: \$1,148,280.00

(K) Auditee qualified as low-risk auditee? x Yes No

(L) Type of auditor's report on compliance for major programs: Unmodified

(M) Internal control over compliance:

(1) Material Weakness(es) identified? Yes x No

(2) Were reportable condition(s) identified that were not considered to material weaknesses? Yes x No

(N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04? Yes x No

(O) Identification of major programs:

GMIS Number(s)

13-495-034-5120-089
13-495-034-5120-078
13-495-034-5095-002
13-495-034-5120-084

Name of State Program

Special Education Aid
Equalization Aid
Reimbursed Social Security
Security Aid

HOWELL TOWNSHIP SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS****K-6****FOR THE FISCAL YEAR ENDED JUNE 30, 2013*****Part 2 - Schedule of Financial Statement Findings***

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

HOWELL TOWNSHIP SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2013***Part 3 - Schedule of Federal and State Award Findings and Questioned Costs***

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

Finding: N/A

Federal program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

STATE AWARDS

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

HOWELL TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

K-7

Prior Audit Findings:

None